



New World China Land Limited

(Stock Code: 00917)

Annual Report 2013

DISCOVER
HAPPINESS



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.

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 residential communities are fully equipped with high quality facilities and multi-purpose spaces which redefine aesthetic standards and a new way of living. We enable owners and residents to experience 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 strike a balance among the economy, environment and society. We commit ourselves to long term urban revitalisation and development, incorporate green design into our projects and participate enthusiastically in diversified national charity and community programmes. Our good corporate behavior has inspired the locals in joining us to create a more harmonious society.

Fully 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 of New World Development Company Limited, we are undoubtedly a mature and reliable developer with outstanding reputation in complying with local market rules and government regulations.



By location	sq m
Beijing	1,418,512
Tianjin	390,964
Langfang	685,786
Tangshan	229,045
Jinan	294,051
Shenyang	3,781,124
Anshan	1,105,502
Dalian	253,090
Shanghai	263,084
Nanjing	52,794
Ningbo	677,043
Wuhan	2,681,906
Changsha and Yiyang	1,830,272
Chengdu	3,772,641
Guiyang	4,415,666
Guangzhou	2,170,031
Shenzhen	200,256
Foshan	1,079,729
Pearl River Delta	1,067,856
Haikou	2,578,307
Total	28,947,659

By type	sq m
Properties under development/ held for development	26,543,033
Completed investment properties	2,201,160
Completed hotel properties	203,466
Total	28,947,659

By usage	sq m
Residential	16,275,343
Commercial	3,017,386
Office	1,949,537
Hotel	875,508
Carpark and others	6,829,885
Total	28,947,659

To Our Shareholders,

In FY2013, NWCL recorded a profit attributable to equity holders of the Company of HK\$4,616.31 million, representing a year-on-year increase of 49.8%. GFA sold through its property sales operation reached 1,224,658 sq m with gross sales proceeds registered at approximately RMB14,804.2 million. Overall gross profit margin for property sales maintained at 41.8%.

CHAIRMAN'S STATEMENT

Entering into 2013, the global economy continued to face uncertainties. European economies stagnated with no sign of recovery while the United States was still on a bumpy road of economic recovery. At the start of the year, a series of economic stimulus measures implemented by the Japanese Government have once offered a ray of hope to the market but their effectiveness was doubted by the market afterwards. In addition, the Federal Reserve Board of the United States signalled the timetable of phasing out quantitative easing, triggering capital outflow from the emerging markets and significant fluctuations in global financial markets in the second quarter. Under the influence of decreasing external demand and the intention of new Chinese leaders to maintain sustainable economic development through long-term reform instead of short-

term stimulus polices, the economic growth of Mainland China showed signs of slowing down. According to the data provided by National Bureau of Statistics of China, the year-on-year growth in GDP in the first quarter and second quarter of 2013 were 7.7% and 7.5% respectively. The pace of growth started to decelerate but could still fulfil the targeted growth rate of 7.5% set by the Central Government. The weak external demand increased pressure on the manufacturing and export industries of China, and increased the downside risk of China's economy. In response to this, both International Monetary Fund and HSBC have downgraded their forecasts on economic growth of Mainland China where HSBC adjusted downward the GDP growth of Mainland China in 2013 and 2014 from 8.2 % and 8.4% to the same level of 7.4%.



CHAIRMAN'S STATEMENT

Currently, the Central Government adheres to the general approach of pursuing growth amidst stability and focuses on enhancing the quality and efficiency of economic development. In view of this, the Central Government continues to implement active fiscal policies and prudent monetary policies while strengthening and improving the macroeconomic control measures with a view to stemming excessive credit and production capacity as well as laying a solid foundation for the long-term economic development. Under the "Twelfth Five Year Plan", service sector is positioned as the core industry for creating employment opportunities, and urbanisation will also be on top of the agenda of the Central Government in the forthcoming future. The active promotion of urbanisation and development of service sector are favourable for turning domestic consumption into the new economic growth driver, which will ultimately lead to the achievement of the objective of promoting a stable and healthy growth of property market.

Since 2011, the Central Government implemented control measures on property market, among which "purchase restriction" and "mortgage tightening" effectively curbed investment and speculative housing demand. However, Mainland China's property market control has not passed the critical stage at this moment. Under the continued loose monetary environment, the investment demand prevents the drop in property prices, which makes the general increase in housing prices continue despite the implementation of control measures. With the purpose of promoting the stable and healthy development of property market, Wen Jiabao, the then Premier of the State Council rolled out five measures to strengthen the control on property market (or "The New Five Directives") in the State Council's executive meeting chaired by him in February 2013. During the meeting, it is reiterated that not only will

the Central Government insist on the implementation of control policies focusing on "purchase restriction" and "mortgage tightening" and crack down on investment and speculative demand resolutely, but will also require local governments to formulate and announce the annual price control targets of newly built commodity housing. Thereafter, major cities announced their local rules of "The New Five Directives" successively. With the exception of some cities where measures are considered to be comparatively stringent by the market, the measures implemented in the vast majority of cities are relatively moderate.

On the other hand, the Central Government also speeds up the planning and construction of affordable housing programme. The goal is to complete the construction of 4.7 million units of affordable houses in urban areas and commence new construction of 6.3 million units in 2013. In order to ensure the safety standard of the construction, the Central Government will strengthen the planning, design and quality of the construction. Besides, the Central Government clearly stated that the establishment of the Personal Housing Information System had to be accelerated in various cities. In principle, every city at municipality level or above has to complete the establishment of Housing Information System by the end of the period of the "Twelfth Five-year" to strengthen market regulation and to be alert against market risks.

The foundation of the business development of the Group is well established as NWCL has extensive experience in property development in Mainland China and an excellent management team which always grasps market opportunities. The Group aligns itself with the development strategy of China and actively satisfies the rigid demand for self-occupation and improved accommodation. Apart from

offering products which cater to the needs of mass public, the Group also focuses on developing mid- and high-end products with high-quality and multifunction and improves the standard of ancillary services. To satisfy the ever-increasing housing demand of middle- and high income classes in Mainland China, the Group is dedicated to create a green environment and to actively promote a healthy and environmentally-friendly lifestyle. The excellent products of the Group have been popular among the users over the years, which enables the Group to build a nationwide brand with sound reputation and to gain widespread market recognition.

Dr Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 25 September 2013



FINANCIAL HIGHLIGHTS

Operating Result (HK\$'000)	FY 2013	FY 2012
Revenues		
Company and subsidiaries	16,153,872	12,528,755
Share of associated companies and jointly controlled entities (note 1)	3,356,909	1,147,358
	19,510,781	13,676,113
Representing:		
Sale of properties	16,960,961	10,593,440
Income from land preparatory work	—	723,795
Rental income	1,155,822	1,056,810
Income from hotel operation	444,641	470,782
Property management services fee income	422,960	362,353
Hotel management services fee income	471,305	468,933
Contracting services income	55,092	—
	19,510,781	13,676,113
Gross Profit		
Company and subsidiaries	6,758,439	5,641,516
Share of associated companies and jointly controlled entities (note 2)	1,252,640	599,827
	8,011,079	6,241,343
Profit attributable to equity holders of the Company	4,616,314	3,080,929
Earnings per share (HK cents)		
Basic	53.32	42.04
Diluted	53.29	41.72
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 30 June 2013	As at 30 June 2012
Cash and bank balances	19,337.2	13,257.6
Total assets	117,846.3	98,123.6
Total liabilities	60,142.7	46,398.5
Capital and reserves attributable to the Company's equity holders	54,348.7	48,752.0
Financial Ratios		
Current ratio (times)	2.34	2.29
Net debt to equity ratio	30.6%	29.4%

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)

FY2013	19,510,781
FY2012	13,676,113

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

FY2013	8,011,079
FY2012	6,241,343

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

FY2013	4,616,314
FY2012	3,080,929

TOTAL ASSETS (HK\$'000)

30 JUNE 2013	117,846,297
30 JUNE 2012	98,123,597

CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS (HK\$'000)

30 JUNE 2013	54,348,746
30 JUNE 2012	48,751,973

CASH AND BANK BALANCES (HK\$'000)

30 JUNE 2013	19,337,202
30 JUNE 2012	13,257,612

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.



Story of Bliss:

Yang Xia is a mother from Beijing who cares about her child's whole-person development. Since her son turned six years old, she has insisted in taking him to climb mountains every week in order to strengthen his body and perseverance, hoping that he will reach higher and farther in life.

GROWTH

Family is the fundamental unit of Chinese life; in a family, the most vivid and touching scenes are the bits and pieces of children growing up. Keeping abreast of the pace of China's urbanisation, we continue to enhance the public environment and amenities of our communities, bringing a richer growth experience and endless joy for children, youth and adults alike.



BUSINESS REVIEW

BEIJING

Highlights

Being the capital of People's Republic of China, the economic development of Beijing is always on a rapid pace and the living standard is steadily improving. The GDP of Beijing reached RMB1,780 billion in 2012, representing a growth of 7.7% compared with last year, of which the proportion of the service industry represented by service, cultural and creative sectors increased to 76.4% of the economy of the whole city. The full-fledged comprehensive service system makes Beijing ever more appealing.

Beijing New World Centre Phase I & II

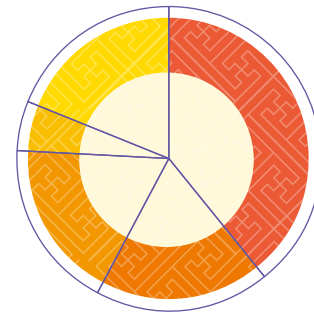


In recent years, the key urban developments in Beijing have been concentrated in the south, of which "City South Action" has entered into the second stage. In the next three years, Beijing will spend approximately RMB396 billion in southern region. The historic cultural commercial district "Qianmen – Dashilan – Glass Factory", located next to Chongwen New World in Dongcheng District, has been selected as the key focus of development. Moreover, the first phase of construction of the new Beijing airport in Daxing District in the south is expected to partially commence in the fourth quarter of 2013. In addition, the nearby Beijing New Airport City, which covers an area of approximately 300 sq km, is also being planned to be built and expected to elevate regional value.

As the core city of Beijing-Tianjin-Hebei Economic Circle, the process of Beijing integrating with the surrounding regions is obviously speeding up. To ensure that the travel time from Beijing to the Economic Circle stays within an hour, the construction of major regional traffic infrastructure joint projects, such as Beijing Zhangjiakou Intercity High-speed Railway, Beijing Shenyang Passenger Line and Beijing Great Outer Ring Highway, were approved and commenced in stages in 2013.

Beijing development properties

Four major properties with total GFA 980,859 sq m.



Residential	39.3%
Commercial	18.7%
Office	18.0%
Hotel	5.3%
Carpark and others	18.7%



- Railway Station
- Subway
- Pedestrian Subway
- Beijing Xin Yi Garden
- Beijing New View Garden
- Beijing Xin Yu Garden
- Beijing New World Centre Phase I
- Beijing New World Centre Phase II
- Beijing Baoding Building Shopping Arcade
- pentahotel Beijing

For details of the Group's project portfolio, please refer to "Major Projects Profile".



BUSINESS REVIEW

BEIJING



Beijing New View Garden "Reservation 168"



Beijing Xin Yi Garden Phase III Commercial Building

Property Portfolio

"Reservation 168" (世藏168), Phase III residential project of Beijing New View Garden, is situated at the prime location on Guangqumennei Street. It has a total GFA of approximately 20,000 sq m and is a four to nine-storey low-density residential building. As the supply of new residential project is very limited within Second Ring, the project was sold out rapidly after launching in July 2012.

Beijing Xin Yi Garden Phase III Commercial Building, situated at the northern end of Qinian Street, Chongwen New World commercial hub is a comprehensive development project comprising a five-star hotel, offices and commercial spaces. It has a total GFA of approximately 86,000 sq m, in which Beijing New World Hotel with 309 rooms, will soon be completed and is expected to commence operations at the end of 2013, while the remaining office and retail commercial portions are planned for sale.

Beijing Yanjing Building, with a total GFA of approximately 31,000 sq m, is located right adjacent to Tiantan Park. Capitalising on the mature business atmosphere of the neighbouring New World and Hongqiao commercial hubs, Beijing Yanjing Building is poised to become a new commercial spotlight in the region.

Beijing Yuzhuang Project, a low-density residential development, is located in Gaoliying Town in Shunyi District. With its close proximity to the Science and Technology Park exit of Beijing-Chengde Highway, the project offers convenient transportation. With a total GFA of approximately 136,000 sq m, it will provide a total of 193 units of low-density residence. It is now under the construction stage and is expected to be launched for sale in 2014.



Beijing Yanjing Building



Perspective of Beijing Yuzhuang Project

The occupancy rate of Beijing New World Centre Phase I and II reached 99%. During the year under review, the rental income has increased comparing to the last corresponding year.

Beijing — completion schedule of properties for sale		sq m
FY2014		
Beijing Xin Yi Garden Phase III		21,709
Total		21,709
FY2015		
Beijing Yuzhuang Project Phase I		56,023
Total		56,023

BUSINESS REVIEW

TIANJIN

Highlights

Being the economic centre of Northern China, Tianjin possesses advantages in location, port, reform of comprehensive supporting facilities and manufacturing industry. In 2012, the GDP of Tianjin reached RMB1,290 billion, representing a growth of 13.8%. At the beginning of 2013, the Tianjin Government set the goal of completing the constructions of 1,440 major projects within the year. Some of the iconic projects include a million tonnes ethylene facility, Airbus A320 assembly line, offshore drilling platform and motor vehicle manufacturing base. The completion of these projects is expected to increase sales revenue by approximately RMB2,600 billion and create employment opportunities for 1.3 million people.

Perspective of Tianjin Xin Hui Hua Ting



In recent years, Binhai New District is on the fast track of development. GDP increased by 20.1% to RMB720.5 billion in 2012 and it has also become a popular investment destination for SMEs and private enterprises. Binhai New District has witnessed vigorous development as the increase in new domestic and foreign corporations in the area reached 5,139 in 2012.

The city centre area of Tianjin is planned as an international port city to accommodate the development of high-end service industry, which mainly focuses in modern finance, commercial agency, technology service, cultural innovation, property economy and headquarters economy.

Property Portfolio

Tianjin Xin Hui Hua Ting, situated at the core commercial location of Heping District, is a large-scale comprehensive community development project comprising residential, apartments, commercial and club house. Its total GFA is approximately 280,000 sq m, including approximately 150,000 sq m of residential and 38,000 sq m of apartment.

Besides enjoying various shopping and recreation conveniences, the residents will also find right at the doorstep the top school of Heping District, which was being introduced to the project recently.

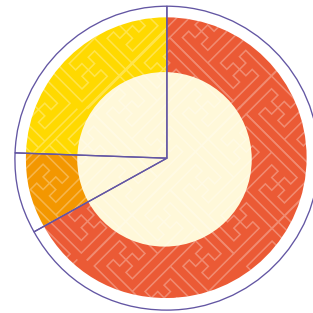
During the year under review, a total of 1,056 residential units of Tianjin Xin Hui Hua Ting were launched for sale and the market response was overwhelming. Currently, over 90% of the launched units have been sold.



Perspective of the commercial area of Tianjin Xin Hui Hua Ting

Tianjin development property

One property with total GFA 284,570 sq m.



■	Residential 67.0%
■	Commercial 8.8%
■	Carpark and others 24.2%



- Subway
- Bridge
- 8 Tianjin Xin Hui Hua Ting
- 45 Tianjin Xin An New World Plaza
- 46 Tianjin New World Garden

For details of the Group's project portfolio, please refer to "Major Projects Profile".

Tianjin — completion schedule of properties for sale

sq m

FY2014	
Tianjin Xin Hui Hua Ting	190,687
Total	190,687

BUSINESS REVIEW

LANGFANG

Highlights

Positioned as “the Electronic Information Corridor connecting Beijing, Tianjin and Hebei as well as the business and recreational centre of Bohai Rim”, Langfang is being developed into a first-tier city of Hebei Province on the tailwind of industrial shift in Beijing and Tianjin. The GDP of Langfang in 2012 increased by 9.7% to RMB179.3 billion over the same period last year. With the connection of Beijing-Shanghai high-speed railway to Langfang, the travel time from Langfang to Beijing or Tianjin is now shortened to within half an hour. Moreover, the selected location of the new Beijing Airport at the junction of Beijing and Langfang will facilitate the integrated development of Beijing, Tianjin and Langfang.

Perspective of Langfang New World Garden



Property Portfolio

Situated in the key commercial area of the city centre, Langfang New World Centre is a large-scale urban comprehensive development project comprising shopping mall, five-star hotel, office and high-end residence. The project has a total GFA of 450,000 sq m and will be launched for sale in FY2014, it has already drawn extensive attention at the moment.

Langfang New World Garden comprises mainly 1,680 residential units and supporting commercial facilities, it is to be developed into a high-quality community. The project is under construction and will be launched for sale in FY2015.

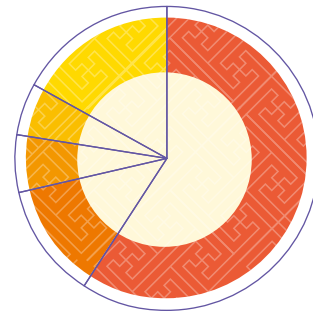
Langfang — completion schedule of properties for sale		sq m
FY2014		
Langfang New World Centre District B		21,953
Total		21,953
FY2015		
Langfang New World Garden District 3		92,710
Langfang New World Centre District B2 and C1		105,392
Total		198,102



Perspective of Langfang New World Centre

Langfang development properties

Two major properties with total GFA 685,786 sq m.



Residential	59.3%
Commercial	12.3%
Office	6.0%
Hotel	5.5%
Carpark and others	16.9%



- Beijing-Tianjin Intercity High-speed Railway
- Railway Station
- 5 Langfang New World Centre
- 6 Langfang New World Garden

For details of the Group's project portfolio, please refer to "Major Projects Profile".

BUSINESS REVIEW

TANGSHAN

Highlights

The recent development of Tangshan is remarkable as its comprehensive competitiveness ranks top in Hebei Province. In 2012, the achieved GDP of Tangshan increased by 10.4% to RMB586.1 billion over the same period last year. In 2013, a total of 200 major municipal construction projects are in the pipeline with planned investment of over RMB100 billion, of which the proportion of projects in innovative and high technology industry, strategic emerging industry and equipment manufacturing industry exceeds 60%.

Perspective of Tangshan New World Centre



Pursuant to the resolution of the municipal government, the urban area of Tangshan will expand 50 sq km southeastward, gradually realising the dual-core urban development of Nanhu as the core of the city centre and Caofeidian Ecocity as the secondary core. With the continuous investment of the Government, the third phase of the construction of Caofeidian Mineral Wharf has been completed. The supporting facilities, such as roads, hospitals, schools and commercials in the district are maturing and the city vista will be improved as well. To prepare for the World Horticultural Exposition in 2016, the expo park construction has fully commenced in 2013. Meanwhile, to provide more convenient transportation in the city, major infrastructures will be built including the construction and improvement of 47 roads in the city, the construction of the main structure of the new railway station, and the construction of Sannuhe Airport.

Property Portfolio

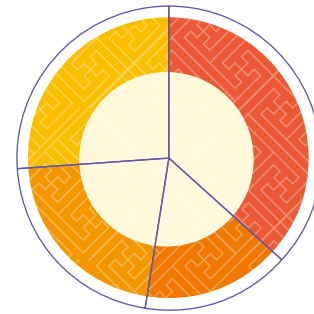
Tangshan New World Centre, is a large-scale urban comprehensive development project situated at the core commercial area on Xinhua Road, a main thoroughfare of Tangshan. It is a convergence of commercial, office, apartment and residential units and it will be the tallest landmark building in Tangshan upon completion. The project is under construction and is expected to be launched for sale in FY2014. It will offer 372 residential units and 320 apartments for sale, and a total office GFA of 50,000 sq m for lease.



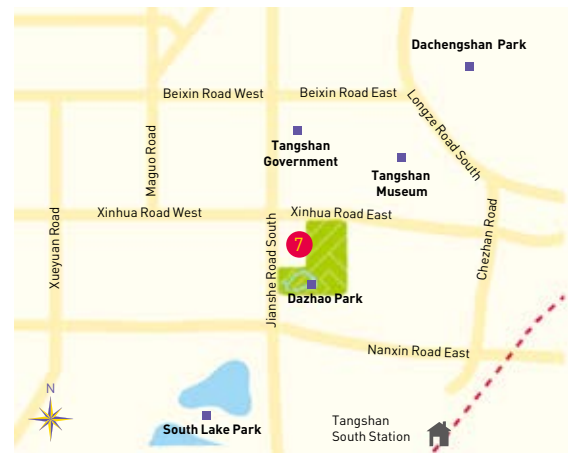
Perspective of residential interior of Tangshan New World Centre

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%



- High-speed Railway
- Railway Station
- 7 Tangshan New World Centre

For details of the Group's project portfolio, please refer to "Major Projects Profile".

Tangshan — completion schedule of properties for sale		sq m
FY2015		
Tangshan New World Centre		169,328
Total		169,328

BUSINESS REVIEW

JINAN

Highlights

As the core city of the economy circle of provincial city cluster of Shandong Province, the service industry in Jinan grows more mature. The added value of tertiary industry in 2012 increased by 10.1% to RMB262.1 billion over the same period last year. The total retail sales of consumer goods increased by 14.9% to RMB232.3 billion. Several new commercial complexes in Jinan have attracted high consumption from the cities and towns nearby. According to Shandong Province 2013 Draft Budget, RMB1 billion will be earmarked for the promotion of the development of the economy circle of provincial city cluster with Jinan as the core.

Jinan Sunshine Garden



According to the plan of "One City and Three Regions", there will be a spate of development centres in Jinan. While the transformation of Old Town District is in full gear, the Eastern New District, Western New District and Binhe New District will also be constructed extensively. In the next 10 years, the area of developed urban area of Jinan is expected to expand by 50%. The gross plot ratio of the city will be increased from current 1.7 to approximately 2.5.

Property Portfolio

Jinan Sunshine Garden is located in the centre of Huaiyin District in which East District II is being launched currently. The project will provide 1,353 residential units with a total GFA of approximately 214,000 sq m. The project has launched 832 units in succession since June 2012 and the sales rate has reached 80%. Moreover, the office portion with a total GFA of 22,000 sq m is expected to be launched for sale by the end of 2013 and completed in 2014.

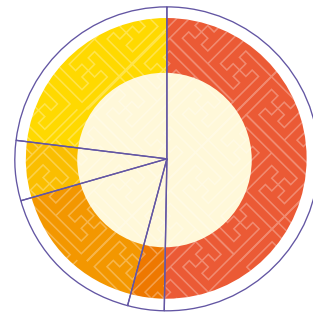
The remaining commercial portions of Jinan Sunshine Garden with a total GFA of 79,000 sq m of office, hotel and commercial is now under construction and planned to be launched to the market in September 2015.



Jinan Sunshine Garden

Jinan development property

One property with total GFA 286,634 sq m.



Residential	50.3%
Commercial	3.9%
Office	16.4%
Hotel	6.5%
Carpark and others	22.9%



- Railway
- Railway Station
- Jinan Sunshine Garden

For details of the Group's project portfolio, please refer to "Major Projects Profile".

Jinan — completion schedule of properties for sale		sq m
FY2014		
Jinan Sunshine Garden Phase III		144,339
Total		144,339

Story of Bliss:

Du Aijin is a five-year-old child from Shenyang who is kind and cares about people and things happening around her. She not only works with the old lady, Ms Dong Wenzhe, to take care of stray cats within the community, but also has been a great helper in school. Young as she may be, she has set a personal example to foster a harmonious community.



HARMONY

Maintaining a good balance and sustainability both in life and environment has become a concern to every contemporary family. In this view, we place great importance on work and living environments that are designed and constructed upon eco-friendly concepts, for these are the foundation for safeguarding the health of family life as well as harmony in community.

BUSINESS REVIEW

SHENYANG

Highlights

As the comprehensive pilot city of national modern service industry, Shenyang's modern service industry has developed into a considerable scale. The added value of service industry of Shenyang in 2012 reached RMB294.5 billion, of which the proportion of modern service industry accounted for 54% of the entire service industry. Along the Shenyang new central business district Golden Corridor vicinity, which focuses mainly on modern commercial service industry, 73 new commercial buildings have topped-out before the National Games of the People's Republic of China in September 2013, and four projects will be completed or have their facades finished before the end of 2013. Golden Corridor is primed to become the demonstration area of high-end commercials.

Shenyang New World Garden is located at the riverside of Hun River

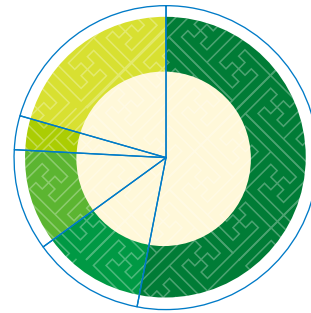


The financial strength of Shenyang improved steadily. By the end of 2012, the number of bank branches in the city surpassed 1,300, and the balance of local and foreign currency deposit of financial institutions increased by 15.5% to RMB1,044.1 billion compared to the beginning of the year. Meanwhile, the functional area of Financial Street was expanded from Nanjing Street and Heping Street to Bajing Street, Malu Wan, South Market and Jixian Street vicinity. In the future, Shenyang will push forth as the financial centre of northeastern region, providing powerful financial support for Shenyang to become a national Central City.

In September 2013, the Twelfth National Games of the People's Republic of China had been successfully held in Shenyang. The public have focused their attention on the new infrastructures such as Olympic Sports Centre and New Administrative Centre in Dahunnan. In particular, the Shenyang New South Station will commence operation in 2015 and will be the largest comprehensive traffic hub of high-speed railway, intercity railway, subway and public bus service in Northeast China.

Shenyang development properties

Three major properties with total GFA 3,562,673 sq m.



Residential	53.3%
Commercial	11.9%
Office	10.7%
Hotel	3.7%
Carpark and others	20.4%



- Subway
- Bridge
- Railway Station
- Shenyang New World Garden
- Shenyang New World Centre
- Shenyang New World Commercial Centre Phase 1

For details of the Group's project portfolio, please refer to "Major Projects Profile".



BUSINESS REVIEW

SHENYANG



Perspective of Shenyang New World Garden Phase IIB

Property Portfolio

Shenyang New World Garden Phase II, situated at the core Heping District on the northern side of Hun River, is in close proximity to renowned educational institutes such as Northeastern University and Shenyang Conservatory of Music. It enjoys convenient transportation as it is located near the subway and benefits from the maturing commercial amenities. Shenyang New World Garden Phase IIB “New World • The Riverpark” comprises 22 residential towers, they are popular among the buyers as they all have optimal unit layout, functional living space and embody high-end lifestyle. During the year under review, 638 units in “New World • The Riverpark” were launched and well received by the market.

“New World The Masterpiece Crescent”, also part of the Phase IIB development, is a group of low-density urban villas which boast the picturesque scenery of Hun River right in front. It comprises 82 units of detached villas and duplexes with some units providing space up to 1,700 sq m to satisfy the demand of the premium home buyers in Shenyang. During the year under review, 50 units of “New

World The Masterpiece Crescent” Phase I were launched, and the sales rate reached 60%.

Shenyang New World Commercial Centre Phase I is situated at the intersection of Nanjing Street South and Zhonghua Road. The highrise tower portion, “New World • The Elite”, is the first apartment project of the Group in Shenyang. The first to fifth floor of the podium of the project will be occupied by the Shenyang New World Department Store. The commercial amenities along the business zone of Taiyuan Street are fronted by hundreds of shops and over 10 large-scale shopping malls, hotels, financial, medical and cultural services. The residents can also enjoy convenient transportation with well connected network of roads, subway and buses. Catering to the varying demand of apartment buyers, the fully furnished service apartments of New World The Elite units with area ranging from 67 to 178 sq m with accommodation from one bedroom to luxury three bedroom apartments. Currently, the project has topped-out and the fitting-out of the apartments are in progress.



Perspective of Shenyang New World Commercial Centre Phase I



Perspective of Shenyang New World Centre

Shenyang New World Centre is the large-scale landmark comprehensive urban development project of the Group in Shenyang. It enjoys locational advantage as it is at the throat of the Golden Corridor, the main road linking the city centre of Shenyang, and is in close proximity to New World Garden and Hun River. Phase I is comprised of Shenyang New World Expo, New World Shenyang Expo Hotel and Shenyang K11 Art Mall.

Shenyang — completion schedule of properties for sale

sq m

FY2014

Shenyang New World Garden Phase IIB	468,249
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Shenyang New World Commercial Centre Phase I Remaining Portion	46,174
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Total	514,423
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FY2015

Shenyang New World Centre	81,754
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Total	81,754
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BUSINESS REVIEW

ANSHAN

Highlights

With steel as the core industry to drive the development of other related industries, the competitiveness of Anshan has been greatly enhanced. The strength of secondary industry in Anshan is relatively significant, its added value reached RMB137.3 billion in 2012 and accounted for half of the GDP of Anshan. To realise the differentiation of development, Anshan plans to focus on building key industrial clusters in 10 industrial zones. In particular, the Anshan High and New Technology Industrial Zone will focus on laser industrial cluster while Chengnan New District in Tiedong will concentrate on information technology industrial cluster.

Anshan New World Garden Phase II "New World • The Grandiose"



Both the successful co-organisation of the National Games and the speed acceleration of Harbin Dalian High-speed Railway of offering opportunities for Anshan to promote its urban modernisation, shortening the distance between Anshan and other well developed cities such as Shenyang and Dalian in Liaoning Province, and benefiting from the advantages of population and industry shift.

Property Portfolio

Anshan New World Garden, situated in the core area of Anshan High-Tech Zone, is a large-scale comprehensive residential community with great natural environment, convenient transportation and well developed educational facilities. The project is popular among local residents for its fine-tuned property management service and excellent market reputation.

During the year under review, 256 units of Anshan New World Garden Phase I "New World • Parkview Terrace" section A2 were launched and the sales rate reached 60%.

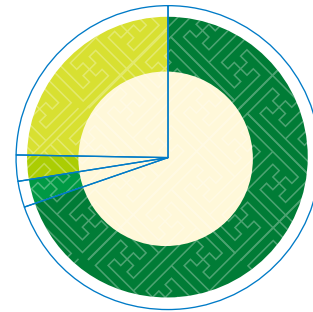
Phase II of Anshan New World Garden "New World • The Grandiose" is a low-density residential development situated at hillside with an area of 300,000 sq m and will be constructed in three phases. During the year under review, 30 units of duplex and townhouse units of "New World • The Grandiose" Phase I with sizes ranging from 350 to 530 sq m were launched, and the sale rate reached 50%. Currently, the construction has topped-out and is expected to be completed at the end of 2013.



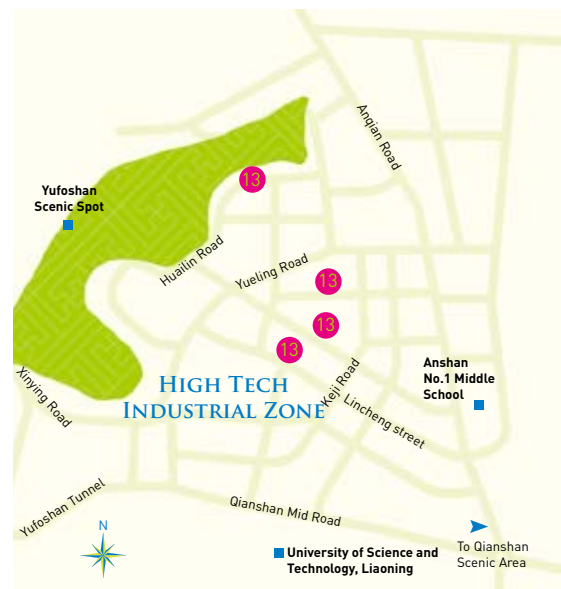
Anshan New World Garden Phase I "New World • Parkview Terrace"

Anshan development property

One property with total GFA 1,052,393 sq m.



Residential	69.8%
Commercial	2.8%
Office	2.9%
Carpark and others	24.5%



Anshan New World Garden

For details of the Group's project portfolio, please refer to "Major Projects Profile".

BUSINESS REVIEW

DALIAN

Highlights

Being one of the dual cores of development of Liaoning Province, Dalian's economy maintains rapid growth and its economic influence to the nearby regions keeps increasing. The financial industry has become the new driver of the city. A total of 315 financial and banking institutions were attracted to set up business in Dalian in 2012, and the amount of RMB settlement of cross-border trading accounted for 60% of the whole province. The comprehensive competitiveness as financial centre ranks first among the cities in Northeastern China.

Dalian New World Tower



While Dalian is embarking on a citywide urbanisation, four urban clusters were planned in accordance with the new “Master Plan of Dalian City”, namely the Main City District, New City District, Bohai District and Yellow Sea District. The urban area will be continuously extended and expanded along a “V” shaped corridor connecting Bohai and Huanghai as well as Shenyang and Dandong to promote the shift of population to new districts.

Property Portfolio

Dalian New World Tower, located at the bustling section of Renmin Road business centre, is an urban comprehensive development project comprising the five-star New World Dalian Hotel, The Galleria shopping arcade and two luxury apartment towers. Dalian New World Tower has become an exemplary commercial operation on Renmin Road with wide spread market recognition both in terms of hotel, business operation and apartment sales.

The Pinnacle Apartment in the west tower of Dalian New World Tower has been basically sold out. The Pinnacle Phase II in the east tower reaches 60 storeys and provides 941 units of fully-furnished harbour view apartments and also provides the flexibility to combine all the units into a whole floor. The Pinnacle Phase II was launched in January 2013 and 294 units of apartment were put up for sale and by the end of August 2013, the sales rate reached 80%, which broke the record of the fastest sales rate and the highest sales volume in Zhongshan District this year.

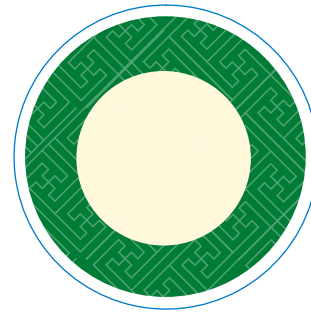
New World Dalian Hotel enjoys great locational advantages, customers can relish the beautiful view of the harbour and city in 420 spacious and elegant hotel rooms.



New World Dalian Hotel

Dalian development property

One property with total GFA 81,664 sq m.



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

For details of the Group’s project portfolio, please refer to “Major Projects Profile”.

Dalian — completion schedule of properties for sale		sq m
FY2014		
Dalian New World Tower	Remaining Portion	81,664
Total		81,664



Story of Bliss:

Wang Rongzhi, a painter from Guiyang, wants to prepare a wedding anniversary gift for his wife, but he fails to make it come true out of his carelessness. Little has he expected this special episode would make him and his wife realise that mutual communication and acceptance is the most beautiful gift they could give to each other.



A hand holding a paintbrush, with a palette and other brushes visible in the background.

COMMUNICATION

A blissful community differs from the others: It not only has a well maintained garden and attentive property services; more importantly, both the residents and we value intimate heart and mind interflow, while a variety of cultural and art activities in communities nourish the minds of residents.

BUSINESS REVIEW

SHANGHAI

Highlights

The growth rate of Shanghai's GDP in 2012 was 7.5%. As Shanghai enjoys enormous market coverage and the outstanding position of global financial centre, it attracts numerous corporations to set up business there. Shanghai ranked first in the number of registered corporations over the whole country with 1.128 million registration as at the end of 2012, providing strong support for the development of the local commercial property market.

Shanghai Hong Kong New World Tower and K11 Art Mall



In August 2013, the State Council approved the establishment of the China (Shanghai) Pilot Free Trade Zone in accordance to national strategy. It covers four districts — Waigaoqiao Free Trade Zone, Logistics Zone, Yangshan Free Trade Port Area and Shanghai Pudong Airport Free Trade Zone with total area covering 28.78 sq km. A series of financial innovative policies on liberalising RMB capital would one day be implemented in the region, including marketisation of interest rates, free exchange of RMB, opening up of the financial sector as well as offshore business. In addition, the liberalisation policy in trading, marine insurance, shipping, use of foreign exchange, together with a basket of innovative strategies in management, tax relaxation and regulation, will enable the free trade zone to become a replicable and promotable experience, with a view to upgrade the Chinese economy.

Property Portfolio

The economy of Shanghai grows rapidly, consumer spending power and demand for living standard improvement have been rising increasingly. During the year under review, the commercial podium of Shanghai Hong Kong New World Tower has been repositioned by the K11 brand to operate its national flagship mall. Since Shanghai K11 Art Mall's grand opening at the end of June 2013, global brands, one-of-a-kind stores and catering, unique art spaces and eco-designed interiors have holistically integrated into an unique shopping and art experience, making it a brand new shopping and cultural destination of Huaihai Road Central and Shanghai.

Shanghai Belvedere Service Apartment continues to enhance the promotion of short term rental and limited preferential corporate rate. The occupancy rate reached 95% with satisfactory revenue.

The renovation of New World Shanghai Hotel has been completed in the financial year, striving to satisfy the local demand for high-quality hotels.



- Subway
- Bridge
- Tunnel
- Shanghai Hong Kong New World Tower
- Shanghai Ramada Plaza & Shanghai Belvedere Service Apartment
- Shanghai Jiu Zhou Shopping Arcade
- New World Shanghai Hotel
- pentahotel Shanghai

For details of the Group's project portfolio, please refer to "Major Projects Profile".



New World Shanghai Hotel

BUSINESS REVIEW

NINGBO

Highlights

Ningbo is the important economic centre of southern wing of Yangtze River Delta. Its urban economic development is spurred by the infrastructure of ports, bridges and sea. GDP in 2012 increased by 7.8% to RMB652.4 billion over the same period last year. Although the urban economy is still at the middle stage of industrialisation, the single development mode which predominantly relies on port industry is gradually changing. In recent years, Ningbo focuses on developing pharmaceutical manufacturing and automotive manufacturing industries. Multinational corporations such as Peugeot and Total from France, and Cardinal from United States have successively established their businesses in Ningbo.

Perspective of Ningbo New World Plaza



The transportation infrastructure of Ningbo improved significantly after being established as the national innovative pilot city. Projects including Xiangshangguan Bridge, Daxie Second Bridge and Chuanhao Highway were successively completed in 2012 while 11 linking roads connecting the ringroad of the city were also opened. The municipal government plans to invest more than RMB10 billion in highway projects in 2013. Currently, Ningbo has basically achieved a “213” traffic circle: namely the travel time to the nearby cities such as Shanghai, Hangzhou, Jinhua, Taizhou and Zhoushan, is limited to two hours, and it will take only one hour and 30 minutes to travel throughout the city and within the core urban area respectively. All these will further enhance the important role of the city as a transport hub of the southern wing of Yangtze River Delta.

Property Portfolio

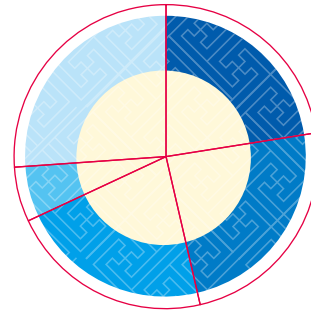
The Ningbo New World Plaza is situated at the core section of the city centre on the eastern side of Jiangdong Road North, which is the key area of the riverside district where the three rivers meet. The project is being positioned as the top international high-quality living platform of Yangtze River Delta. It is a large-scale landmark comprehensive urban development project comprising a five-star hotel, K11 Art Mall, a 250 m high commercial tower, high-end residence and a central park. Its development target is to lead the way for high-quality living and create a brand new vista for Ningbo.



Perspective of Ningbo New World Plaza

Ningbo development property

One property with total GFA 677,043 sq m.



Residential	22.5%
Commercial	24.0%
Office	21.6%
Hotel	6.0%
Carpark and others	25.9%



- 38 Ningbo New World Plaza
- ... Subway (under construction)

For details of the Group’s project portfolio, please refer to “Major Projects Profile”.

BUSINESS REVIEW

WUHAN

Highlights

Aiming at becoming a national Central City, Wuhan's economic scale has leaped onto a new platform while keeping a steady and forwarding pace. The GDP in 2012 increased by 11.4% to RMB800.3 billion over the same period last year. In 2012, the State Council approved the planning of the Donghu National Autonomous Innovative Demonstration Zone, which had not only attracted numerous high-quality research institutes, high-tech enterprises and high-calibre talents into Wuhan but also been consolidating the core position of Wuhan in regional development.

Wuhan New World International Trade Tower



Wuhan is very appealing to the nearby regions as it boasts a large pool of tertiary educational resources in Hubei province, including 69 universities and colleges such as Wuhan University, Central China University of Science and Technology and Central China Normal University. In the past three years, the total number of college graduates in Wuhan increased year by year, from 221,000 in 2010 to 277,000 in 2012. The large amount of graduates improve the quality of the urban population and spur the growth of housing demand.

After the opening of Subway Line No. 2 crossing Yangtze River at the end of 2012, Wuhan formally strode forward into the "Subway Era" which has substantially improved transport efficiency and brought significant improvements in urban transportation. Leveraging on the opportunity in holding the International Garden Expo, Wuhan has quickened its pace of infrastructure construction. Investment in infrastructure in 2013 is expected to reach RMB130 billion, further propelling Wuhan towards the rank of a world-class city.

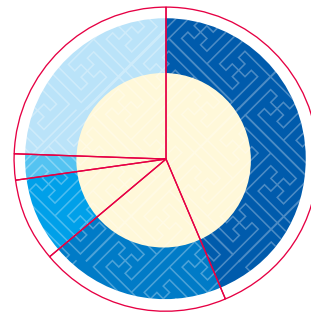
Property Portfolio

The rental rate level of Wuhan New World International Trade Tower, the Group's flagship rental property, has been leading the Grade A offices market in Wuhan throughout the year under review. Its occupancy rate remained at over 90% and tenants are mainly Global-500 corporations. Currently, there are nine foreign governmental bodies such as consulates and trading institutes which have established their offices at Wuhan New World International Trade Tower, making it the commercial building with the highest number of foreign governmental bodies in Wuhan.

The occupancy rate of the office portion in Wuhan New World Centre, another major rental property project, remained at 87%. Its tenants are mainly renowned medical, finance and trading enterprises. World-renowned medical corporations, such as Merck Sharp & Dohme, Pfizer, GlaxoSmithKline and Bayer, have established offices in Wuhan New World Centre.

Wuhan development properties

Five major properties with total GFA 2,203,696 sq m.



Residential	43.8%
Commercial	20.1%
Office	9.1%
Hotel	2.7%
Carpark and others	24.3%



Railway	15 Wuhan Menghu Garden
Railway Station	16 Wuhan Changqing Nanyuan
Subway	17 Wuhan Changqing Garden
Bridge	18 Wuhan New World Centre
Embankment	19 Wuhan Guanggu New World
Tunnel	21 Wuhan New World International Trade Tower
	22 Wuhan K11 Gourmet Tower
	23 Wuhan Xin Hua Garden
	24 New World Wuhan Hotel

For details of the Group's project portfolio, please refer to "Major Projects Profile".

BUSINESS REVIEW

WUHAN



Wuhan Guanggu New World



Wuhan Changqing Garden

Wuhan Guanggu New World, situated on the main road of Wuhan Guanggu Donghu Hi-tech Development Zone, enjoys transportation convenience and locational advantage with Guanggu Biotechnology Park to the east, Guanggu Financial Centre to the south and Central China University of Science and Technology to the north.

Wuhan Guanggu New World is a large-scale comprehensive community development project which comprises hotel, office, commercial retail and residence. The residential portion includes 15 high-rise residential blocks, with ancillary public facilities such as retail, club house, kindergarten and community services. Coupled with a water feature ecological garden of approximately 33,000 sq m and over 10 environmental friendly and green designs, the project offers a multi-functional, refined and high-end living environment.

During the year under review, 1,830 residential units of Wuhan Guanggu New World Phase II were launched, and the sales rate was over 90%.

There is a complete range of community facilities in Wuhan Changqing Garden, a project known for its exceptional living environment. Two stations of Subway Line No. 2 were opened in Changqing Garden at the end of 2012. As a result of the commencement of subway operations, the commercial occupancy rate of Area 8 in central commercial district had reached 82%. It has become the core business area of the vicinity.

During the year under review, 324 residential units of Area 6 South District Phase I in Wuhan Changqing Garden, which based on an eco green residence design concept, was launched with a satisfactory sales rate. In addition, 1,006 residential units of District 8B in Wuhan Changqing Garden, which is in close proximity to subway station and Central Commercial Street, were launched and the sales rate was over 80%. The average selling price had been maintaining a leading position in the region.



Wuhan Changqing Nanyuan



Wuhan Menghu Garden

Wuhan Changqing Nanyuan, situated in a matured residential district, enjoys comprehensive community facilities and travel convenience brought by Subway Line No. 2. It is highly popular among the residents as there are many well-known primary and secondary schools nearby, providing extensive educational resources. The selling price has established a leading position in the region and 378 residential units of Phase III have been launched since May 2013, and the sales rate nearly reached 90%.

Wuhan Menghu Garden, situated in the north of the Hankou urban area, is a high-end lakeside community within the Third Ring Road, the lake alone spans an area of 320,000 sq m. 18 units of Meng Ching Xuan (夢清軒) and Meng Lian Xuan (夢漣軒) were further launched in March 2013. Over 50% of the units have been sold up to present.

Wuhan — completion schedule of properties for sale

sq m

FY2014

Wuhan Changqing Garden Phase IX Area 6 South District Phase 1	90,450
Wuhan Changqing Nanyuan Phase III	68,674
Wuhan Menghu Garden Phase IIIB	4,614

Total **163,738**

FY2015

Wuhan Changqing Garden Phase IX Area 6 South District Phase 2	158,684
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Total **158,684**

BUSINESS REVIEW

CHANGSHA

Highlights

Thanks to the trend of industry shift from the east coast to central region, the heavy industry of Changsha has been developing rapidly in recent years, and it has promoted local employment and enhanced the city's attractiveness. The achieved GDP in 2012 increased by 13% to RMB639.9 billion, over the same period last year, of which the added value of the secondary industry increased by 14.5% to RMB359.2 billion. The development of industrial, financial, cultural and logistics industrial parks has been prosperous, escalating the city's attractiveness to high-tech corporations and high-calibre talents.

Changsha La Ville New World



The latest approved "Master Plan of Changsha City (2003–2020)" stated that the urban development space of Changsha can be significantly expanded from 2,893 sq km in accordance with the master plan of 2003 to 4,960 sq km. By 2020, the urban population of the Changsha urban area will reach 6.29 million, and land used for urban construction will reach 629 sq km. In 2012, Changsha became the second batch of comprehensive pilot area of national modern service industry. It is expected that Changsha will become the central city of modern service industry in Central China.

Underpinned by both subway and railway construction, the urban construction of transforming Changsha into a comprehensive transport hub is progressing well. After the opening of High-speed Railway from Changsha to Nanjing, Shanghai and Jinan in mid-2013, the "Half-hour, One-hour, Two-hour Economic Zone", which is centred at Changsha and covers the main cities in the northern and southern part of the province along the High-speed Railway from Beijing to Guangzhou, is preliminarily formed. The Subway Lines No. 1 and 2 have entered full construction stage while the constructions of Subway Lines No. 3 and 4 are expected to commence at the end of 2013. The transportation condition in Changsha will be substantially improved with the gradual completion of the subway system.

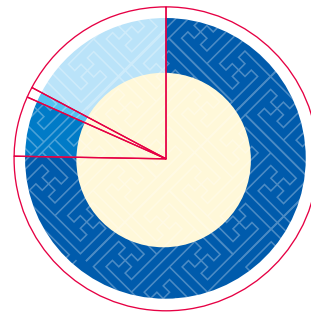
Property Portfolio

Changsha La Ville New World is in close proximity to Wuhan–Guangzhou High-Speed Railway Changsha Station, and enjoys the transportation convenience of High-speed Railway, Changsha-Zhuzhou-Xiangtan Intercity Railway and Subway Lines No. 4 and 5. Moreover, it gains market recognition with good educational resources, British-style garden, 100,000 sq m of commercial space above subway station, and 60,000 sq m of other supporting commercial facilities.

Over 4,500 families have made it their home in Changsha La Ville New World since its first launch at the end of 2007. During the year under review, a total of 1,280 residential units of Phase III, The Elite Club (名仕匯), were launched which comprise mainly two bedroom units with an area of 90 sq m. Currently, the sales rate has exceeded 90%.

Changsha and Yiyang development properties

Two major properties with total GFA 1,807,355 sq m.



Residential	75.3%
Commercial	6.4%
Office	1.3%
Carpark and others	17.0%



- High-speed Railway
- Railway
- 20 Changsha La Ville New World
- 21 Yiyang Scenic Heights

For details of the Group's project portfolio, please refer to "Major Projects Profile".

Changsha and Yiyang — completion schedule of properties for sale

	sq m
FY2014	
Changsha La Ville New World Phase II A	55,316
Total	55,316
FY2015	
Yiyang Scenic Heights Phase 1	96,045
Total	96,045

BUSINESS REVIEW

CHENGDU

Highlights

The Western Development Strategy began to bear fruit after years of implementation. The urban economic power of Chengdu improved significantly and its status of chief western city has been confirmed gradually. In 2012, the achieved GDP increased by 13% to RMB813.8 billion over the same period last year. Chengdu's ranking of sub-provincial city improved from the sixth in 2007 to the third. The enormous development potential makes Chengdu a hotspot for high-quality corporations. Up to 2012, 233 out of the Global-500 corporations had set up business in Chengdu, while the amount of foreign investment reached USD8.59 billion.

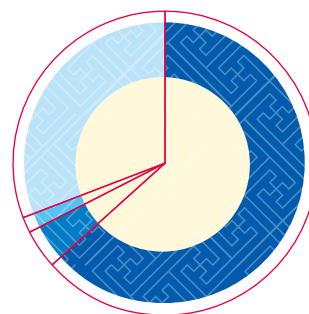
Chengdu New World Riverside



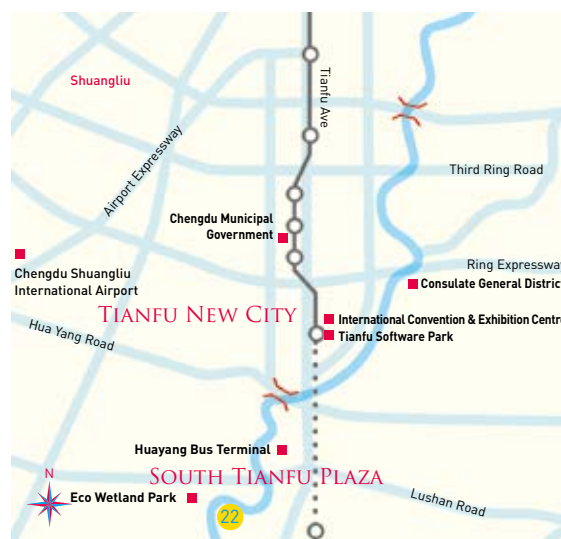
Tianfu New City is the core area of urban development and innovation in southern Chengdu. With the completion of the "Regional Development Plan of Chengdu area of Tianfu New City", Tianfu New City moved into construction stage in 2012, signed up contracts of 94 major projects and finished investment amounting to RMB108.8 billion. Tianfu New City which encompasses three cities and seven counties with an area of 1,578 sq km, is even larger than the existing urban area of Chengdu with 1,293 sq km. This is the "Number One Project" to strengthen Sichuan by the provincial government. According to the urban planning framework of "Two Wings and Six Districts" in the new city, Shuangliu County, situated at the core region of Tianfu New City with an area of 884 sq km, will be subdivided into five clusters. The Huayang cluster will become another city centre in the future, and focus on developing commercial, exhibition and innovative businesses.

Chengdu development property

One property with total GFA 3,696,080 sq m.



Residential	63.6%
Commercial	4.1%
Hotel	1.5%
Carpark and others	30.8%



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

For details of the Group's project portfolio, please refer to "Major Projects Profile".



BUSINESS REVIEW

Banking on the opportunity of organising Fortune Global Forum and The World Chinese Entrepreneurs Convention in 2013, Chengdu is vigorously pushing the construction of urban infrastructure, and made a stride in developing the city into an international metropolis. Transport infrastructure such as the new Chengdu Airport, intercity railway, and the capacity extension of the North Train Station will enhance the connection among Chengdu and external regions, while strengthening Chengdu's capability in receiving industry shifts at home and abroad. In addition, the constructions of city highways such as the elevated Second Ring Road system and freight channels in Tianfu New City can effectively relieve the urban traffic pressure.

Property Portfolio

Chengdu New World Riverside is situated at the centre of Tianfu New City, the most important urban development plan in Chengdu. It is located midway between the new and the existing Chengdu airport and is in close proximity to South Extension of Subway Line No. 1 under planning. The riverside promenade of the project is 3,000 m long and the project site covers 1.1 million sq m while privileged with the best natural scenery in the neighbouring regions. Phase I of the project has been completed, which mainly comprises 23 high-rise residential blocks. Phase II with various types of housing has commenced construction this year in stages. A 280,000 sq m regional commercial facility consists of sports and recreational centre, shopping mall, five-star hotel, commercial pedestrian street and catering

will also be developed in stages. It will enrich residents' leisure lives, and will also become the business and cultural hub of Tianfu New City.

During the year under review, residential units ranging from 110 to 166 sq m were launched and the sales performance is satisfactory.

Chengdu — completion schedule of properties for sale

	sq m
FY2015	
Chengdu New World Riverside Phase II 1A	136,120
Total	136,120



Perspective of commercial facility of Chengdu New World Riverside



"Louvre" Club House of Chengdu New World Riverside

GUIYANG

Highlights

As one of the major central cities in Southwestern China, Guiyang is continuously increasing its investment in order to maintain rapid economic growth. In 2012, fixed social assets investment amount of Guiyang increased by 55% year-on-year to RMB248.3 billion, while the achieved GDP increased by 17% year-on-year to RMB170 billion. The contribution of Guiyang to the economic growth of Guizhou Province reached 28.8%, strengthening its status as the primary city.

Guiyang Jinyang Sunny Town



BUSINESS REVIEW

GUIYANG



Guiyang Jinyang Sunny Town



Perspective of New World Guiyang Hotel

The new "Master Plan of Land Use of Guiyang City" and "Master Plan of Guiyang City (2011-2020)" have been successively approved by the State Council, the urban development area has increased from 155.3 sq km to 341.3 sq km. Pursuant to the approval of the State Council, Guanshanhu District has been formally established in Jinyang New District. The adjustment of the planning of administrative regions will further integrate the regional resources.

As one of the 42 national comprehensive transportation hubs, Guiyang's internal and external traffic conditions have improved significantly. The opening of four new highways at the beginning of 2013 represents the basic completion of urban major road network in Guiyang. The urban traffic efficiency has thus significantly improved. Moreover, the "Feasibility Study Report on Rail Transit Line No. 1 of Guiyang" has been formally approved, the construction of Lightrail Line No. 1 and subsequent lines are expected to effectively relieve the urban traffic pressure. Projects such as the airport expansion, North Rail Station as well as Chengdu-Guiyang Highway will improve the external traffic conditions of Guiyang, narrowing the spatial distance among regions.

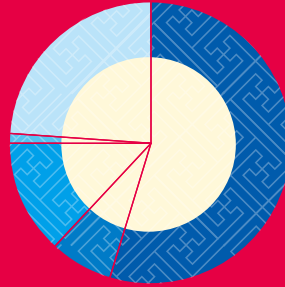
Property Portfolio

Guiyang Jinyang Sunny Town, a mega-scale comprehensive community development project of the Group, is located at the key commercial centre of Jinyang New District. After seven years of development, its supporting business services, educational facilities, landscaping and the level of property management services have been significantly improved. The project had launched residential units of Bi Tan Yuan (碧潭園) in 2012 and over 1,000 units had been sold, representing a sales rate exceeding 80%.

In addition, New World Guiyang Hotel, being part of the commercial ancillary facility of the project, will be in operation before the end of 2013. The hotel provides 306 rooms to satisfy the demand of customers for high-quality hospitality services.

Guiyang development property

One property with total GFA 4,382,065 sq m.



Residential	54.8%
Commercial	7.2%
Office	13.2%
Hotel	1.1%
Carpark and others	23.7%



--- Lightrail (under planning and construction)

23 Guiyang Jinyang Sunny Town

For details of the Group's project portfolio, please refer to "Major Projects Profile".

Guiyang — completion schedule of properties for sale

sq m

FY2014	
Guiyang Jinyang Sunny Town Phase IIB	96,265
Total	96,265
FY2015	
Guiyang Jinyang Sunny Town Phase IIIA	16,400
Total	16,400



HERITAGE

The most cherished community is one that is rooted locally and projects a sense of positive living energy. Civilisation and prosperity are cultivated and accumulated with the passage of time, and here in our communities one can find the soil on which culture may develop freely. The concept of sustainability is taking on a new meaning in China — a country with a long history. Through the passing down of heritage to future generations, traditional culture is again buzzing with life.

Story of Bliss:

Ms Zhao Lianqing from Guangzhou has always been passionate about Cantonese opera. After her retirement, she and her husband have been volunteering to perform together in different communities, promoting Cantonese opera and training their successors in order to exalt and enhance this traditional Chinese art form.



BUSINESS REVIEW

GUANGZHOU

Highlights

Guangzhou ranks top of China in terms of economic competitiveness, and maintains rapid growth in consumption. In 2012, the achieved GDP of Guangzhou increased by 10.5% to RMB1,355.1 billion over the same period last year. The service function of Guangzhou is comprehensive and the city is strengthening its converging effect in urban consumption. The total retail sales of consumer goods in 2012 increased by 15.2% to RMB597.7 billion over last year, making significant contribution to economic development.

Guangzhou Central Park-view "Canton Mansion"



Guangzhou's preparation of the new urban master plan has achieved progressive result. The planning of demonstration areas such as Nansha New District, Haizhu Ecocity and Guangzhou International Financial City has been preliminarily completed. Urban infrastructure is continuously improving, the construction of projects such as the expansion of Baiyun Airport and intercity railways help Guangzhou to strengthen its external influence. The construction of Foshan West Station to Guangzhou South Station of the Guangzhou – Foshan Circular Line is expected to commence in the second half of 2013. There will be five stations along the line with the length of about 36 km, and the whole trip is expected to take about 11 minutes only. This further facilitates the exchange among Guangzhou and its neighbouring cities.

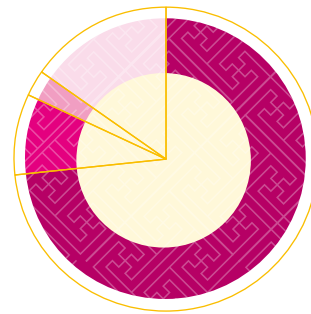
Total planned area of Guangzhou International Financial City, situated at the East side of Pearl River New Town in Tianhe District, was extended to cover an area of 7.5 sq km, within which the largest underground city of China with an area of 1.8 million sq m was planned at the beginning of 2013. The first batch of land was also being successfully auctioned at the same time. Guangzhou International Financial City concentrates on developing core financial businesses such as financial regulation and banking, insurance and securities industries. It is expected that in 2020, the GDP of Guangzhou International Financial City will reach RMB120 billion, and the added value of financial industry will exceed RMB50 billion.



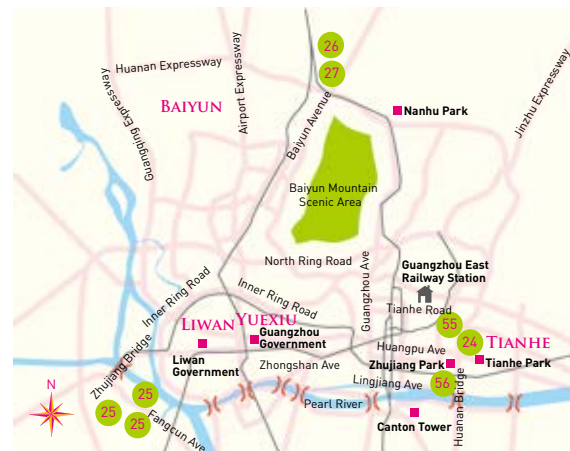
Guangzhou Central Park-view "Canton Club"

Guangzhou development properties

Five major properties with total GFA 1,871,347 sq m.



Residential	73.4%
Commercial	8.6%
Hotel	2.9%
Carpark and others	15.1%



- Railway Station
- Subway
- Bridge
- Guangzhou Dong Yi Garden
- Guangzhou Covent Garden
- Guangzhou Park Paradise
- Guangzhou Park Paradise Area 6
- Guangzhou New World Oriental Garden
- Guangzhou Central Park-view

For details of the Group's project portfolio, please refer to "Major Projects Profile".

BUSINESS REVIEW

GUANGZHOU



Guangzhou New World Oriental Garden "The Radiance"



Guangzhou Park Paradise "Jin Yun Feng"

Property Portfolio

The Canton International Community of Guangzhou Central Park-view is an international-style living zone meticulously constructed by the Group in Pearl River New Town. After 10 years of development, the community is fused with East meets West culture and lifestyle, attracting elites such as Ambassadors to China from different countries and top corporate executives to live and spend here. During the year under review, exceptional sales performance was achieved with a total of 320 riverview residential units of Guangzhou Central Park-view Phase II "Canton Mansion" (廣粵尊府) being sold.

After 10 years of steady development, Guangzhou New World Oriental Garden has become the quintessential high-end residential community in the Tianhe Park region. The residential units of Phase II have been completely sold out. During the year under review, satisfactory sales performance was achieved for completed units of Phase III "The Radiance" (熹園) with 271 residential units being sold and the overall sales rate reaching nearly 80%.

Guangzhou Park Paradise enjoys natural resources of Baiyun mountain and it is located at the intersection of Subway Lines No. 2, 3 and 14 in Baiyun New Town. Large array of supporting facilities, such as 100,000 sq m of commercial and retail services, 380,000 sq m of landscaping and well-known educational institutions, have enabled the project to gain the reputation of the highest-quality community within the Baiyun New Town region.

During the year under review, Guangzhou Park Paradise launched central garden view "Yue Jin Tai" (悅錦台), the showcase project of Phase IV "Jin Yun Feng" (錦雲峰), and market reaction is overwhelming with all the 200 units sold out, while 570 units of "Jin Yun Feng" (錦雲峰) were also sold. In addition, "Yun Shan Shu" (雲山墅), the latest stack duplex of the high-end residence, "New World Caring Mansion" (新世界·嘉雲府) in Guangzhou Park Paradise Phase IV is also well received by the buyers.



Guangzhou Park Paradise "Yun Shan Shu"



Guangzhen Covent Garden "New World • Canton Bay"

"New World • Canton Bay" (新世界•凱粵灣), a new phase of luxury residence of Guangzhou Covent Garden, is located at the centre of Guangzhou Bai-e-tan Bay. It enjoys panoramic view of the Pearl River and the area is a transportation hub connecting Guangzhou and Foshan. Canton Bay Phase II "Jiang Lian" (江巒) was popular among the buyers since its launch in 2013 and it was awarded "The Most Favourite Property of Guangzhou Citizens of The Year". During the year under review, the new C3/C4 building groups were launched and 453 units had been sold, representing a sales rate surpassing 50%.

Guangzhou — completion schedule of properties for sale

sq m

FY2014

Guangzhou Park Paradise Phase IVC	122,727
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Total

	122,727
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FY2015

Guangzhou Covent Garden Phase IIIA	87,204
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Guangzhou Xintang New World Garden Phase VC	87,262
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Guangzhou Park Paradise Area 6	142,839
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Guangzhou Park Paradise Phase IVC	45,756
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Total

	363,061
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BUSINESS REVIEW

SHENZHEN

Highlights

As one of the core cities of Pearl River Delta Metropolitan Region, the economy of Shenzhen has made a leapfrog progress. The export-oriented economy of Shenzhen shows its vitality, the total amount of foreign trade of the city in 2012 surpassed that of Shanghai and ranked top of the large- and middle-cities of Mainland China. In the same year, the three important economic indicators: the GDP, the total retail sales of consumer goods and the per capita disposable income of Shenzhen all reached historical heights and exceeded RMB1,220 billion, RMB400 billion and RMB40,000 respectively. These indicators make Shenzhen rank top among the large- and middle-scale cities. Level of modernisation of urban economy continues to rise. The six major strategic emerging industries namely biology, internet, new energy, new material, new generation of information technology and cultural innovation grow rapidly.

Perspective of Shenzhen New World Signature Hill



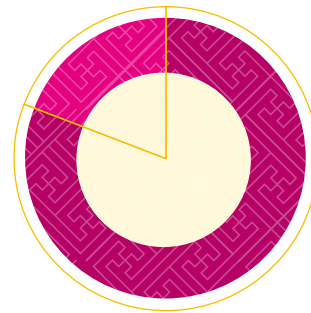
The plan of Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone has been approved and formally announced by the Shenzhen Municipal Government. The zone will focus on regional cooperation, developing high-end service industry and headquarters economy, as well as being a regional centre. In addition, it will become a core functional area to deepen the cooperation between Shenzhen and Hong Kong and promote international cooperation. It is expected that the total building scale of the zone will be about 30 million sq m and total investment amount will be close to RMB400 billion.

In the future, there will be various kinds of transportation connections including railway, highway connecting Qianhai to Hong Kong and Shenzhen. It will take only 10 minutes to reach the Shenzhen and Hong Kong airports, and merely half an hour to reach Central, Hong Kong. It is expected that the GDP of the zone will reach RMB150 billion in 2020.

Catalog of Approved Industries for the Entry to Cooperation Zone published by the National Development and Reform Commission listed a total of 112 industrial & business directories in six major areas which include financial, modern logistics, information service, technology service, professional service and public service. The preferential policies of financial service industry include supporting Qianhai to establish an innovative pilot area for cross-border RMB business, exploring the pilot cross-border lending, supporting the issuance of RMB bonds in Hong Kong by the enterprises in Qianhai and supporting the lowering of access conditions of Hong Kong financial institutions under the CEPA ("Mainland and Hong Kong Closer Economic Partnership Agreement") framework. The favoured tax treatment includes lowering the corporate income tax rate of 15% for enterprises conforming to the Qianhai Catalog of Approved Industries for Entry to Cooperation Zone and Favourable Catalog, temporarily subsidising high-calibre foreign talents who are conforming the planning direction of industries in Qianhai, the difference between individual income tax payable in Mainland China and that in overseas by Shenzhen Municipal Government.

Shenzhen development properties

Two major properties with total GFA 191,031 sq m.



Residential	81.1%
Carpark and others	18.9%



- Guangzhou Shenzhen High-speed Railway
- Guangzhou Shenzhen Hong Kong High-speed Railway (under construction)
- Railway Station
- 30 Shenzhen New World Yi Shan Garden Phase III
- 31 Shenzhen New World Signature Hill

For details of the Group's project portfolio, please refer to "Major Projects Profile".

BUSINESS REVIEW

Property Portfolio

Shenzhen New World Signature Hill (新世界名鑄), the new low-density residential project developed by the Group, is situated at the hill top of Jiangangshan mountain in Qianhai of Baoan District. Being the most concentrated villa zone in Shenzhen, Jiangangshan will become the back garden of Qianhai in the future. The area enjoys unrivalled transportation convenience with only 10-minutes travel time to Shenzhen Airport and 20-minute travel time to Shenzhen Bay Port and Futian Port.

New World Signature Hill (新世界名鑄) will offer a total of 184 units of low-density residences and villas. The project will be built along the hillside in two separate sections with a resort-style waterfall landscape utilising the Jiangangshan mountain natural spring. It is expected that New World Signature Hill (新世界名鑄) will be first launched for sale in 2014.

Shenzhen Yi Shan Garden is situated at the foothill of Wutong Mountain which is in close proximity to Sha Tau Kok, Hong Kong. Phase III, which is currently under development, comprises 978 residential units in five high-rise blocks. Most of the residents can enjoy panoramic sea view and landscape of South China Sea and Hong Kong. Phase III is expected to be launched for sale in FY2015.

Shenzhen — completion schedule of properties for sale

sq m

Shenzhen — completion schedule of properties for sale		sq m
FY2015		
Shenzhen New World Signature Hill		59,332
Shenzhen New World Yi Shan Garden Phase III		95,686
Total		155,018



Perspective of Shenzhen New World Yi Shan Garden Phase III



Perspective of Shenzhen New World Signature Hill

FOSHAN

Highlights

Foshan is located at the hinterland of the Pearl River Delta. It can fully utilise its advanced market conditions to drive its economy because of regional integration and the breaking of the administrative barrier between Guangzhou and Foshan. The GDP of Foshan in the first half of 2013 increased by 9.5% to RMB325.9 billion over the same period last year, ranking fifth among cities in Pearl River Delta. "Made in Foshan" brings continuous momentum for the city. High-end industrial zone represented by Sino-German Industrial Service Zone attracted numerous top-notch corporations to establish in the zone, showing a strong development impetus.

Canton First Estate



BUSINESS REVIEW

FOSHAN



Low-density residence of Canton First Estate



Perspective of New World Foshan Hotel

The “Master Land Use Planning of Foshan (2006–2020)” has been approved by the State Council. The total area of planned control land use in central urban area is 361 sq km, and both Luocun Street and Lecong Town of Shunde District have been included in the central urban area. It is expected that in 2020 the population of central urban area will be about 2.7 million. The “Master Plan of Urban Development of Foshan” under preparation states that Foshan will build a network-type urban spatial structure of “Multiple Clusters with a Strong Centre”. Firstly, five regions bordering with Guangzhou, including Wusha region, the surrounding area of the new passenger station, Fangcun Guicheng region, Jinshazhou region and Huadu Guangzhou airport region, will be developed. Moreover, Foshan and Guangzhou will jointly complete the integration of key border regions. Coupled with the integrate bank deposit and withdrawal as well as communication charges, and the construction of traffic infrastructure such as Guangzhou-Foshan-Zhaoqing intercity railway, the distance between Guangzhou and Foshan will be further shortened.

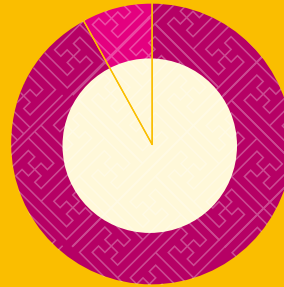
Property Portfolio

The integration of Guangzhou and Foshan has accelerated the city and economic development of Foshan. As the core of this new Guangzhou-Foshan Metropolitan, Nanhai District plays an important role in the process of integration. Canton First Estate is positioned as Guangzhou-Foshan’s premier community, with a focus on golf academy, health preservation, environmental and ecological sustainability, as well as showcasing healthy living, with a view to provide high-quality living to residents.

The planned site area of Canton First Estate spans 2.6 million sq m which includes low-density residences and villas, Foshan Golf Course, New World Foshan Hotel, Guangzhou Foshan Club, Heart of Guangzhou-Foshan Exhibition Centre and a world-class environmental and ecological showcase area. Preparation work for the first phase of marketing for the project is in full gear.

Foshan development property

One property with total GFA 1,079,729 sq m.



	Residential 92.1%
	Hotel 7.9%



- Railway Station
- Intercity Railway
- High-speed Railway
- Canton First Estate

For details of the Group's project portfolio, please refer to "Major Projects Profile".

Foshan — completion schedule of properties for sale sq m

FY2015	
Canton First Estate Phase I (#09, #10 & #19A)	154,829
Total	154,829

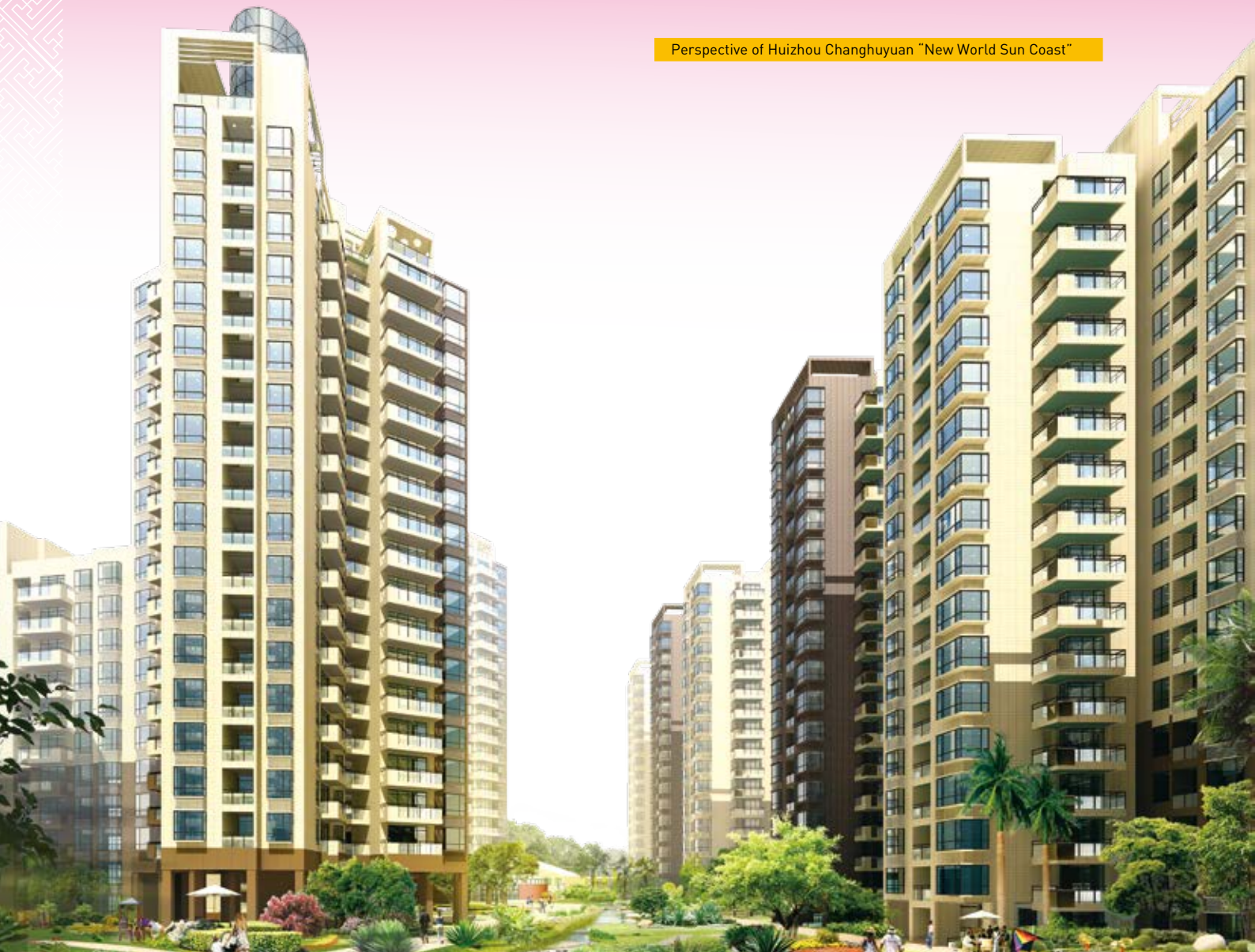
BUSINESS REVIEW

PEARL RIVER DELTA

Highlights

The inter-connection and exchange among the various regions of Pearl River Delta is getting more frequent. The three major economic zones, namely Guangzhou-Foshan-Zhaoqing, Shenzhen-Dongguan-Huizhou and Zhuhai-Zhongshan-Jiangmen, have started to deepen the collaboration with each other, the integration of telecommunication was achieved at the end of 2012. Driven by the radiation of Guangzhou and Shenzhen, the two regional core cities, those medium and small cities in the east, west and north of the Pearl River Delta speed up their urban developments.

Perspective of Huizhou Changhuyuan "New World Sun Coast"



The “double-shift” strategy of Pearl River Delta is showing encouraging results. By 2012, the number of provincial industrial shift zones increased to 36, and the proportion of the industrial added value to the eastern, western and northern areas of Pearl River Delta increased from less than 1% to nearly 20%. Moreover, the employment ratio of the area surrounding shift regions increased year by year.

In addition, the traffic integration of the cities in Pearl River Delta achieved huge success as Guangzhou and Zhuhai Intercity Railway was opened at the end of 2012. In the future, with Guangzhou at the centre, travel time among the major cities in Pearl River Delta can be shortened to within an hour by means of intercity railways and highways. Moreover, mutual recognition of annual toll tickets has been adopted in nine cities in Pearl River Delta, including Guangzhou, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, Zhaoqing and Shenzhen since 1 January 2013, and the toll of normal highway is free of charge, which help to lower the travel costs.

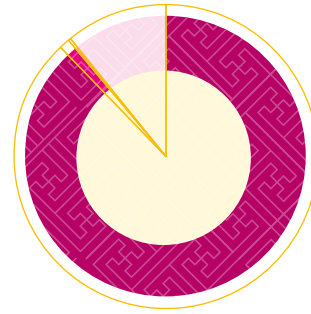
Besides, Guangdong Province sets the target of achieving the plan of “Great Leap in Nine Years” in 2013. A total of 64 key projects include the construction of intercity railway of Guangzhou and Foshan, Guangzhou – Shenzhen – Hong Kong highspeed railway Shenzhen Futian Station and its related constructions, as well as the expansion of Guangzhou Baiyun Airport.



Perspective of Huiyang Palm Island Resort Phase VI “The Best”

Pearl River Delta development properties

Five major properties with total GFA 925,459 sq m.



Residential	88.0%
Commercial	1.1%
Office	0.2%
Carpark and others	10.7%



- Railway
- Expressway
- 32 Zhaoqing New World Garden
- 33 Huiyang Hu Xia Liao Project
- 34 Huiyang Palm Island Resort
- 35 Huizhou Changhuyuan
- 36 Zhuhai Jin Hai New World
- 57 Shunde New World Centre
- 64 New World Shunde Hotel

For details of the Group’s project portfolio, please refer to “Major Projects Profile”.

BUSINESS REVIEW

PEARL RIVER DELTA



Shunde New World Centre



Perspective of Zhuhai Jin Hai New World "Cambridge Seashore"

Property Portfolio

The sales performance of "New World Sun Coast" (新世界·曦岸), a new phase of residential development of Huizhou Changhuyuan, was commendable after its launch. It won various awards including "2011-2012 Top Ten Popular Projects in Huizhou" and "The Benchmark Projects of Huizhou" and becomes the top residential community in Dongjiang Town. During the year under review, 305 units of Huizhou Changhuyuan were sold with over 70% sales rate.

"Cambridge Seashore" (新世界·康橋), the latest phase of residential development of Zhuhai Jin Hai New World, is situated at the centre of Jin Wan in Hengqin, a national new development zone. It enjoys the strategic and locational advantage with its close proximity to the planned Jinhai Bridge and Hong Kong-Zhuhai-Macau Bridge which connect Hong Kong and Macau. During the year under review, a total of 410 units were sold, and the sales rate was over 70%.

Benefited by the integration of Guangzhou and Foshan, the development potential of Zhaoqing is enormous. In mid 2013, "New World Ling Nan Fu" (新世界·嶺南府), the luxury new phase of Zhaoqing New World Garden, offered the brand new product "Hu Shan Shu" (湖山墅), a group of villas with rare lake and mountain view. During the year under review, "New World Ling Nan Fu" (新世界·嶺南府) and "Cheng Xin Da Zhai" (城心大宅) with lake view on three sides altogether sold 133 units, overall sales rate was over 80%.

Huiyang Palm Island Resort is a well-developed golf club, resort and residential development project. The construction of Phase VI "The Best" (臻·墅) is expected to complete in the second half of 2013.

During the year under review, Palm Island "Zaolinjing Apartment" (棗林徑公寓) Phase II launched 155 units, and the sales rate reached 95%. Meanwhile, the new project "The Best" (臻·墅) is situated at the heartland of Palm Island and its sales performance of the first batch of 34 units launched was satisfactory.



Zhaoqing New World Garden

Shunde New World Centre is a large-scale urban comprehensive development project located in the prime commercial area of Shunde District. During the period under review, the shopping mall recorded an occupancy rate of 97% while rental rate has maintained a rising trend. Located on top of the project's podium is Phase III of the residential development, the sale of the remaining residential units is reaching the end.

Pearl River Delta — completion schedule of properties for sale	sq m
FY2014	
Zhaoqing New World Garden Phase IV	43,618
Zhuhai Jin Hai New World Phase IV	106,456
Huiyang Palm Island Resort Phase VI	17,036
Total	167,110
FY2015	
Zhaoqing New World Garden Phase III	35,095
Total	35,095

BUSINESS REVIEW

HAIKOU

Highlights

Haikou increased its investment in recent years and enjoyed steady economic growth and significant changes in urban vista. The fixed asset investment of Haikou in 2012 increased by 29.2% to RMB51 billion, breaking the city's record. Infrastructure construction such as Hainan Island circular railway and Haikou Port Area is in steady progress. The revision of master plan and master land use plan of Haikou have been completed. Haikou will focus on developing modern service industries including tourism, finance and logistics. The pace of district development is also accelerating. District development projects including Meilisha, Xinbu Island and Dayingshan, have all begun to take shape.

Perspective of Haikou Meilisha Project



The market share of tourism of Haikou keeps increasing, the number of domestic and foreign overnight visitors received by Haikou in the first half of 2013 increased by 8.9% to 4.65 million over the same period last year. The total income from tourism increased by 14.9% to RMB5.3 billion over the same period last year. These figures represent a contribution of 27.4% and 29.4% to Hainan Province respectively. The expansion of Haikou Meilan Airport was approved by the state and the total investment is expected to be about RMB13.4 billion. In 2020, Haikou is expected to achieve an annual passenger throughput up to 30 million, cargo capacity of 300,000 tons and aircraft landing/taking off figures of 225,000.

Property Portfolio

Haikou New World Garden, located in Xinfu Island and along the Nandu River, features matured living atmosphere, lush landscaping and view of river and sea. Phase III residences were launched in May 2011, including two to four bedroom units ranging from 90 sq m to 250 sq m, and the sales rate exceeded 95%.

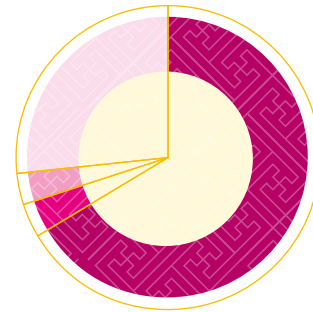
Haikou Meilisha Project, situated in the prime coastal area in Haidian Island and surrounded by sea on three sides, is the only mega-scale comprehensive community development project integrating sea-view, recreation and urban living in the region. The project has a planned total GFA exceeding two million sq m including low-density villa, island villa, high-rise apartment, hotel and high-end commercial property. It will be developed as an international tourism island destination and high-quality urban seaside lifestyle centre in the future. The sales preparation for the first phase of low-density villa is in process, and is expected to be introduced to the market for sale in FY2014.



Perspective of Haikou Meilisha Project

Haikou development property

One property with total GFA 2,545,604 sq m.



Residential	66.4%
Commercial	3.7%
Hotel	3.4%
Carpark and others	26.5%



- Bridge
- Haikou Meilisha Project
- Haikou New World Garden

For details of the Group's project portfolio, please refer to "Major Projects Profile".

Haikou — completion schedule of properties for sale		sq m
FY2014		
Haikou Meilisha Project Phase 1 (#4)		47,311
Total		47,311
FY2015		
Haikou Meilisha Project Phase 1 (#2)		23,536
Total		23,536

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year under review, the Mainland China property market continued to be shadowed under the influence of government policy but has revived from 2011's slump since April 2012 supporting by concrete and genuine housing demand and moderate price increase. The Central Government is determined to keep a firm grip on the purchase and property price restriction measures to curb speculative investment, while insisting on differentiated credit and tax policies and focusing on building affordable houses. Local governments sustained to fine-tune the property restriction measures and monetary easing policies, amongst others, allowing commercial banks to offer bigger discount on mortgage interest rate to first time home buyers, gradually improved the property market sentiment. In February 2013, the State Council further introduced The New Five Directives (「新國五條」) which has effectively reiterated certain existing control measures and putting pressure on local governments to regulate the compliance of the existing policies closely. The initial impact of these New Five Directives to the property market has not significantly dampened the market condition and led to market consensus that it is less likely for the Central Government to release further tightening policies given faltering economic recovery and varied regional conditions.

During the year under review, the Group's secured contracted sales reached RMB16,528 million with gross floor area ("GFA") of 1,274,851 sq m, representing a year-on-year increase of 69% and 63% in gross sales value and sales volume respectively. The increase in sales volume reflected positive signs of sentiment revival and gradual improvement in market condition since April 2012. Included in the remaining contracted sales secured and to be recorded, approximately 556,859 sq m GFA with gross sales proceeds of approximately RMB7,693 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 FY2014.

For the year ended 30 June 2013, the Group posted a profit attributable to shareholders of HK\$4,616.31 million which represents a year-on-year increase of 50% from HK\$3,080.93 million achieved in FY2012. The Group's core profit before revaluation, exchange difference and amortisation for FY2013 reported at HK\$3,326.26 million, representing an increase of 64% from HK\$2,031.77 million recorded last year. The increase was largely contributed from property sales resulting from increase in completion and recorded sales by 80% and 85% respectively. The increase in profit attributable to shareholders was attributable to the increase in core profit from aforementioned property sales and increase in net foreign exchange gains amounted to HK\$522.81 million resulted from appreciation of Renminbi by 3.6% during the year.



Analysis of Attributable operating profit

	FY2013 HK\$'000	FY2012 HK\$'000
Property sales	3,775,882	2,288,773
Land preparatory work	—	13,281
Rental operation	515,765	365,233
Hotel operation	(156,753)	(126,670)
Property management services	(98,292)	(57,591)
Hotel management services	19,907	21,874
Other operations	(18,300)	7,675
AOP before finance costs and after taxation charge	4,038,209	2,512,575
Bank and other interest income — corporate	70,052	25,311
Deferred tax (charge)/credit on undistributed profits	(148,081)	3,385
Corporate administrative expenses	(236,331)	(222,136)
Finance costs	(397,589)	(287,362)
AOP after corporate items	3,326,260	2,031,773
Changes in fair value of investment properties, net of deferred taxation	819,778	938,177
Net foreign exchange gains	522,812	159,137
Amortisation of intangible assets	(52,536)	(48,158)
	1,290,054	1,049,156
Profit attributable to equity holders of the Company	4,616,314	3,080,929

Property sales

During the year under review, the Group's attributable operating profit ("AOP") from property sales operation rose 65% from an AOP of HK\$2,288.77 million achieved in FY2012 to HK\$3,775.88 million. The overall recorded property sale volume of the Group for the year under review surged by 86% to 1,224,658 sq m with gross sale proceeds registered at approximately RMB14,804.2 million. The increase in AOP from property sales operation was mainly due to increase in property projects completion and recorded sales by over 80% during the year under review.

The Group's overall gross profit margin achieved during the year under review dropped from 49.8% achieved in FY2012 to 41.8%. The decrease in overall gross profit margin was mainly due to difference in sale mix resulted for both financial years which in turn, resulted in decreased in average selling price by 12% to RMB12,218 per sq m. In FY2012, over 53% of the recorded sales were contributed from sale of property projects in Guangzhou, of which Guangzhou Central Park-view, a high-end residential benchmark project of the Group and Guangzhou Park

Paradise which had achieved comparatively higher gross profit margin of up to 69%, boosted the overall gross profit margin of property sales in FY2012. In the current year under review, recorded sales from property projects in Guangzhou contributed only 42% of total recorded sales and approximately 40% of the recorded sales were contributed from property projects in second- and third-tier cities such as Anshan, Wuhan, Guiyang, Haikou, Changsha and Chengdu which had a relatively lower gross profit margin.

In FY2013, the Group has completed 15 property development projects for sale in Beijing, Shenyang, Anshan, Wuhan, Changsha, Guangzhou, Guiyang, Haikou and Huizhou with a total GFA of 1,487,807 sq m, comprising 1,320,667 sq m of residential, 72,582 sq m of commercial and 94,558 sq m of resident car park space. Total GFA completed for the year under review increased by 80% compared to that of FY2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Development property projects for sale 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	19,973	70%
Beijing Yanjing Building (北京燕京大廈)	C, P	30,627	70%
Shenyang New World Garden Phase II B (瀋陽新世界花園二期B)	R	51,360	90%
Shenyang New World Commercial Centre Phase I (瀋陽新世界商業中心一期)	C	23,058	100%
Anshan New World Garden Phase I A (鞍山新世界花園一期A)	R, C	115,792	100%
Anshan New World Garden Phase II A (鞍山新世界花園二期A)	R	24,495	100%
Wuhan Guanggu New World (武漢光谷新世界)	R, C, P	171,246	100%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C	39,436	60%
Wuhan Changqing Garden Phase VIII (武漢常青花園八期)	R, C	103,242	60%
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	176,863	48%
Guangzhou New World Oriental Garden Phase III (廣州東方新世界三期)	R	82,893	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R	120,843	100%
Guangzhou Park Paradise Phase IV B (廣州嶺南新世界四期B)	R	39,705	100%
Guangzhou Xintang New World Garden Phase V (廣州新塘新世界花園五期)	R	71,706	63%
Guiyang Jinyang Sunny Town Phase II (貴陽金陽新世界二期)	R, C, P	161,260	50%
Haikou New World Garden Phase III (海口新世界花園三期)	R	120,365	100%
Huizhou Changhuyuan Phase III (惠州長湖苑三期)	R	108,148	63%
Total		1,487,807	

R: Residential
 C: Commercial
 O: Office
 P: Car park



Rental operation

During the year under review, the Group's rental operation recorded an AOP of HK\$515.77 million, representing a 41% increase compared to the corresponding period last year. The significant increase in AOP from rental operation was mainly due to increase in rental contributions from Beijing New World Centre Shopping Mall of which the income was charged on turnover basis and Wuhan New World Centre, Wuhan New World International Trade Tower and Shunde New World Centre in which average rental rate had increased more than 25% during the year under review.

The increase in occupancy rate at The Canton Residence and Dalian Galleria, and the re-opening of Shanghai Hong Kong New World Tower K11 Mall upon completion of renovation in January 2013 also contributed to the increase in AOP from rental operation for the year under review.

During the year under review, the Group completed 9,568 sq m retail properties and 145,619 sq m resident car park spaces.

Hotel operation

During the year under review, the AOP from hotel operation recorded at a loss of HK\$156.75 million as opposed to a loss of HK\$126.67 million recorded in the corresponding period last year. The decrease in overall AOP from hotel operation was mainly due to overall slow market and recent Central Government's anti-corruption initiatives which led to overall decrease in patronizing corporate customers and decreased AOP contribution from the Group's three hotels, namely New World Shanghai Hotel and pentahotel Beijing which were undergoing renovation

during the year, and New World Shenyang Hotel which had ceased operation in November 2012. In addition, pre-operating expenses incurred for New World Beijing Hotel and New World Hotel Guiyang which are scheduled to be opened in first half of FY2014 had further reduced the AOP from hotel operation.

The Group's hotel portfolio currently comprises six hotels with 2,287 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 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	2,287

MANAGEMENT DISCUSSION AND ANALYSIS

Hotel management services

During the year under review, the AOP from hotel management services recorded at a profit of HK\$19.91 million as compared to HK\$21.87 million recorded in FY2012. Although the AOP from hotel management services recorded a slight decrease in FY2013, the hotel

management fee income had increased mainly from Rosewood Hotels and Resorts Group and secured new hotel management contracts and technical service contracts obtained during the year under review.

OUTLOOK

Li Keqiang, the Premier of the People's Republic of China, stressed repeatedly that the Central Government would boost the domestic consumption to drive the adjustment of economic structure, and would accelerate the pace of urbanisation simultaneously. Urbanisation involves a shift in population from rural areas to urban cities and the enlarged coverage of infrastructures and public services to a larger rural population. There is a research pointing out that every one-percentage-point increase in the rate of urbanisation in China will lead to the growth of consumption and investment demands for various infrastructures in the amount of RMB100 billion. It is expected that the Central Government will introduce a specific plan on urbanisation in the second half of 2013. In addition, the People's Bank of China will adhere to a steady monetary policy and adjust the market liquidity in a timely manner. Generally speaking, the effective implementation of these policies could ensure the stability of China's economic reform and strengthen sustainable economic development.

Currently, the Group has entered into over 20 first-, second- and third-tier cities in Mainland China with a landbank of over 26 million sq m, of which approximately 80% of residential floor area is located in second- and third-tier cities. With China's intensified efforts in urbanisation and favourable policies for first-time home buyers, there is a huge development potential in the property markets of the second- and third-tier cities which enjoy a relatively rapid economic growth while the policy risk faced by these cities is comparatively low. In recent

years, the ratio of the sales from second- and third-tier cities to the Group's total sales was gradually increasing, and the gross profit margin also maintained at a satisfactory level.

The Group will continue to focus on developing its existing landbank, shortening the project development cycles, optimising the product standardisation procedure and the centralised procurement system by regions, stringently controlling costs, closely monitoring changes in market environment, making timely and appropriate adjustment to the development plan in order to maintain satisfactory sales progress and achieve the objective of speeding up its asset turnover. Meanwhile, the Group will also continuously improve the quality of both products and services so as to provide the best living experience to its customers.

At present, the Group maintains a healthy level of net gearing ratio as well as sufficient standby credit facilities, and such solid financial position facilitates the Group to seize favourable market opportunities and respond to various challenges. Looking forward, the Group remains cautiously optimistic about the industry of property development as it will continue to be one of the most important industries in China, and the property market will still be boosted by the rapid progress of urbanisation. Furthermore, the Group will keep a close eye on the changes in the market and enhance its comprehensive competitiveness in order to create the highest value for its stakeholders.

In FY2014, the Group plans to complete 17 properties projects for sale with a total GFA of 1,627,242 sq m, comprising 1,577,270 sq m of residential, 29,031 sq m of commercial and 20,941 sq m of office space for sale. With increasing proportion of property projects to be completed

in the next two years being located at second- and third-tier cities, the Group expects that the achievable overall gross profit margin from property sales shall decrease to the level between 35% to 40%.

Properties for sale to be completed in FY2014	Usage	Total GFA (sq m)	NWCL's interest
Beijing Xin Yi Garden Phase III (北京新怡家園三期)	O, C	21,709	70%
Langfang New World Centre (廊坊新世界中心)	R, C	21,953	100%
Tianjin Xin Hui Hua Ting (天津新匯華庭)	R	190,687	100%
Jinan Sunshine Garden Phase III (濟南陽光花園三期)	R	144,339	100%
Shenyang New World Garden Phase II B (瀋陽新世界花園二期B)	R, C	468,249	90%
Shenyang New World Commercial Centre Phase I (瀋陽新世界商業中心一期)	R	46,174	100%
Dalian New World Tower (大連新世界大廈)	R	81,664	100%
Wuhan Menghu Garden Phase III B (武漢夢湖香郡三期B)	R	4,614	100%
Wuhan Changqing Nanyuan Phase III (武漢常青南園三期)	R, C	68,674	60%
Wuhan Changqing Garden Phase IX (武漢常青花園九期)	R, C	90,450	60%
Changsha La Ville New World Phase II A (長沙新城新世界二期A)	R	55,316	48%
Guiyang Jinyang Sunny Town Phase II (貴陽金陽新世界二期)	R	96,265	50%
Guangzhou Park Paradise Phase IV C (廣州嶺南新世界四期C)	R	122,727	100%
Zhaoqing New World Garden Phase IV (肇慶新世界花園四期)	R	43,618	100%
Huiyang Palm Island Resort Phase VI (惠陽棕櫚島六期)	R	17,036	59%
Zhuhai Jin Hai New World Phase IV (珠海金海新世界四期)	R	106,456	100%
Haikou Meilisha Project Phase I (海口美麗沙項目一期)	R	47,311	100%
Total		1,627,242	



MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2013, the Group's cash and bank deposits amounted to HK\$19,337.20 million (30 June 2012: HK\$13,257.61 million).

The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK\$17,665.13 million (30 June 2012: HK\$15,199.81 million), translating into a gearing ratio of 30.6% (30 June 2012: 29.4%). The gearing ratio is calculated on the basis of net debts over total equity.

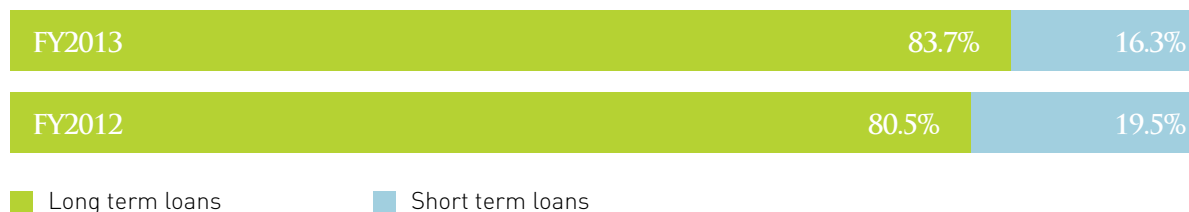
The Group's borrowings from banks and fellow subsidiaries and liabilities of bonds as at 30 June 2013 totalled HK\$34,464.87 million (30 June 2012: HK\$26,254.58 million) of which 18.5% were secured by way of charges over assets and 81.5% were unsecured.

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

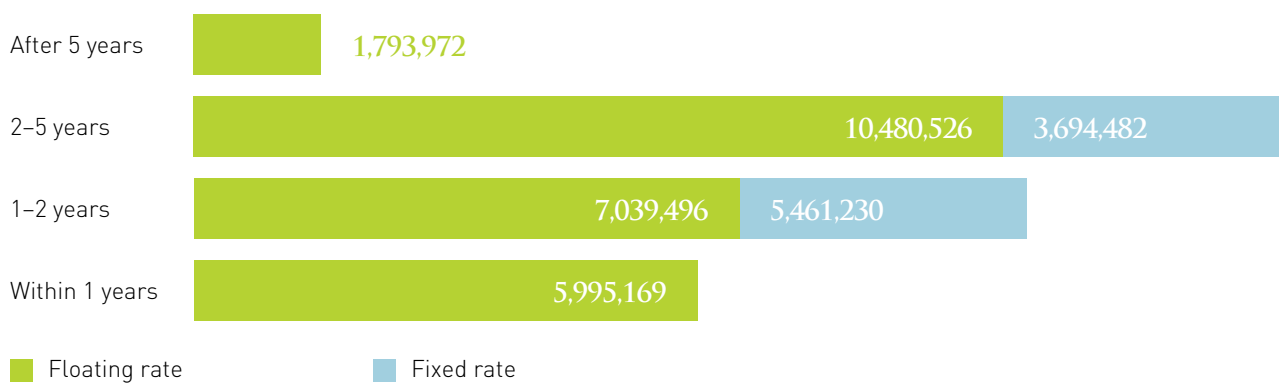
	As at 30 June 2013 HK\$'million	As at 30 June 2012 HK\$'million
Repayable:		
Within one year	5,995.17	5,538.16
Between one and two years	12,500.72	6,254.51
Between two and five years	14,175.01	12,485.69
After five years	1,793.97	1,976.22
Total	34,464.87	26,254.58

As at 30 June 2013, the Group's committed unutilised bank loan facilities amounted to HK\$3,424.27 million (30 June 2012: HK\$4,936.00 million).

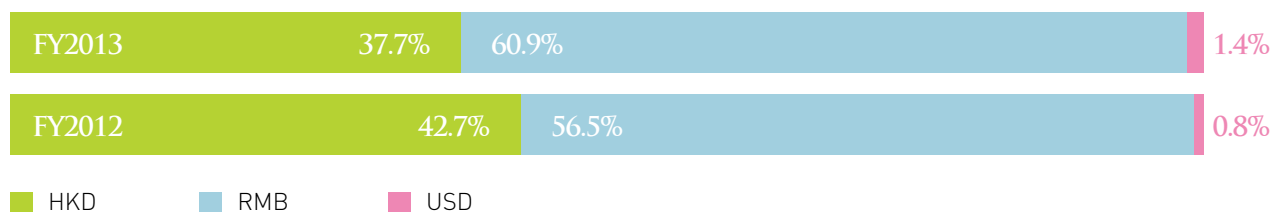
SOURCE OF BORROWINGS



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



CURRENCY PROFILE OF BORROWINGS



NATURE OF DEBT



MANAGEMENT DISCUSSION AND ANALYSIS

Capital expenditure commitments

The capital expenditure commitments of the Group as at 30 June 2013 were HK\$3,233,588,000 (30 June 2012: HK\$4,872,232,000) of which HK\$2,900,509,000 (30 June 2012: HK\$4,480,885,000) were contracted but not provided for in the financial statements and HK\$333,079,000 (30 June 2012: HK\$391,347,000) were authorised but not

contracted for. As at 30 June 2012, the Group's share of capital expenditure commitments of jointly controlled entities amounted to HK\$156,827,000. 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.

CONTINGENT LIABILITIES

As at 30 June 2013, the Group has contingent liabilities of approximately HK\$1,640,794,000 (30 June 2012: HK\$1,851,736,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain jointly controlled entities.

As at 30 June 2013, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group and the Group's attributable portion of outstanding mortgage loans under these guarantees amounted to HK\$1,595,251,000 (30 June 2012: HK\$1,557,714,000).



DETAILS OF CHARGES ON GROUP'S ASSETS

As at 30 June 2013, the Group's property, plant and equipment, investment properties, land use rights, properties held for development and properties under development of HK\$395,817,000 (30 June 2012: HK\$419,234,000), HK\$5,400,318,000 (30 June 2012: HK\$5,093,721,000), HK\$238,343,000 (30 June 2012: HK\$235,832,000), HK\$813,670,000 (30 June 2012: HK\$771,429,000) and HK\$4,315,781,000 (30 June 2012: HK\$4,807,135,000) respectively have been pledged as securities for short term and long term bank borrowings.

MAJOR ACQUISITION OR DISPOSAL

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2013, the Group has 9,172 full-time employees. Total staff related costs incurred during the year under review were HK\$518.15 million (2012: HK\$449.57 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 recognises that good corporate governance is the cornerstone of the healthy development of the Company and is a key part of the pursuit of proper and efficient practices in corporate administration and sustainability. The Board strives to maintaining high standard of corporate governance by adopting various guidelines and procedures for the Company which adheres to the principles of corporate governance for the benefit of its shareholders and other stakeholders with particular emphasis on effective control, fair disclosure and accountability.

The Company has complied throughout the year with the provisions of the Corporate Governance Code (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), except for the deviations from code provisions A.2.1 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 eleven directors, including seven executive directors and four independent non-executive directors. The names, biographical details and relationship amongst them, if any, are set out on pages 92 to 97 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.

Under Rule 3.10A of the Listing Rules, which was implemented on 31 December 2012, listed issuer should appoint INEDs representing at least one-third of the board. The number of INEDs of the Board has increased to four

and represents one-third of the Board following the appointment of Mr Ip Yuk-keung, Albert as an INED of the Company and the resignation of Mr Chow Yu-chun, Alexander as a non-executive director of the Company on 28 December 2012.

Two of the INEDs, namely Dr Cheng Wai-chee, Christopher and Hon 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 four INEDs pursuant to Rule 3.13 of the Listing Rules and the Company considers each of the INEDs to be independent.

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. Four full board meetings were convened in the year under review,

these were regular board meetings for reviewing and approving the financial and 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
Executive directors		
Dr Cheng Kar-shun, Henry (Chairman)	4/4	0/1
Mr Cheng Kar-shing, Peter	3/4	1/1
Mr Cheng Chi-kong, Adrian	4/4	1/1
Ms Cheng Chi-man, Sonia	3/4	0/1
Mr Cheng Chi-him, Conrad	3/4	0/1
Mr Fong Shing-kwong, Michael	3/4	0/1
Ms Ngan Man-ying, Lynda	4/4	1/1
Non-executive directors		
Mr Doo Wai-hoi, William (Vice-chairman)*	4/4	1/1
Mr Chow Yu-chun, Alexander**	1/2	1/1
Independent non-executive directors		
Dr Cheng Wai-chee, Christopher	3/4	1/1
Hon Tien Pei-chun, James	2/4	1/1
Mr Lee Luen-wai, John	4/4	1/1
Mr Ip Yuk-keung, Albert [#]	2/2	0/0

* Resigned on 1 July 2013

** Resigned on 28 December 2012

[#] Appointed on 28 December 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 Cheng Kar-shing, Peter, Cheng Chi-kong, Adrian and Ms Ngan Man-ying, Lynda as members, with the resignation of Mr Doo Wai-hoi, William as a member with effect from 1 July 2013. 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 are in line with the provision of the Code and are available on the websites of the Company and the Stock Exchange.

Members of the Audit Committee comprise four INEDs including Dr Cheng Wai-chee, Christopher as Chairman, Hon Tien Pei-chun, James, Mr Lee Luen-wai, John and Mr Ip Yuk-keung, Albert, as members.

CORPORATE GOVERNANCE REPORT

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
Hon Tien Pei-chun, James	2/2
Mr Lee Luen-wai, John	2/2
Mr Ip Yuk-keung, Albert*	1/1

* Appointed on 28 December 2012

(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 are in line with the provision of the Code and are available on the websites of the Company and the Stock Exchange.

Members of the Remuneration Committee comprise four INEDs and one executive director including Dr Cheng Wai-chee, Christopher as Chairman, Hon Tien Pei-chun, James, Mr Lee Luen-wai, John, Mr Ip Yuk-keung, Albert 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
Hon Tien Pei-chun, James	1/1
Mr Lee Luen-wai, John	1/1
Mr Ip Yuk-keung, Albert*	0/0
Ms Ngan Man-ying, Lynda	1/1

* Appointed on 28 December 2012



(iv) Nomination committee

Nomination Committee 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 and diversity 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 Code and are available on the websites of both the Company and the Stock Exchange.

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 four INEDs and two executive directors including Dr Cheng Kar-shun, Henry, as Chairman, Dr Cheng Wai-

chee, Christopher, Hon Tien Pei-chun, James, Mr Lee Luen-wai, John, Mr Ip Yuk-keung, Albert and Ms Ngan Man-ying, Lynda as members.

The Nomination Committee convened one meeting during the fiscal year. The members have considered and recommended to the Board the appointment of Mr Ip Yuk-keung, Albert as an INED of the Company and have reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company.

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

Members of Nomination Committee	Number of meetings attended/held
Dr Cheng Kar-shun, Henry	1/1
Dr Cheng Wai-chee, Christopher	1/1
Hon Tien Pei-chun, James	1/1
Mr Lee Luen-wai, John	1/1
Mr Ip Yuk-keung, Albert*	0/0
Ms Ngan Man-ying, Lynda	1/1

* Appointed on 28 December 2012

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 1 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.

CORPORATE GOVERNANCE REPORT

During the year, the Company has organised a seminar on the recent economic development in PRC as part of the continuing professional development for directors and has provided reading materials to the directors about the new disclosure requirement of inside information and legal

updates on INED's liabilities. 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 year ended 30 June 2013 is as follows:

	Economic development in PRC	Disclosure on inside information	Legal updates on INED's liabilities	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	✓	✓	✓	—
Hon Tien Pei-chun, James	—	✓	✓	✓
Mr Lee Luen-wai, John	✓	✓	✓	✓
Mr Ip Yuk-keung, Albert [#]	✓	—	—	✓

* Resigned on 1 July 2013

** Resigned on 28 December 2012

[#] Appointed on 28 December 2012



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 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 enhance shareholders' relationship with the Company.

During the year, the Company has updated the compliance manuals on notifiable transactions in accordance with the Listing Rules and adopted a disclosure manual for inside information 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 maintained 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.

CORPORATE GOVERNANCE REPORT

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 144 to 145 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.

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 30 June 2013 amounted to HK\$14,012,000 of which a sum of HK\$9,861,000 was paid to PricewaterhouseCoopers

for its auditing services and of HK\$863,000 for non-auditing services. The non-auditing services comprised primarily of accounting, tax advisory and other related services.

CORPORATE GOVERNANCE REPORT

Communication with Shareholders

The Company acknowledges the importance of communicating with shareholders, investors and the public. A shareholders' communication policy was adopted pursuant to the 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 meeting 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 meeting 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 2013.

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 E.1.2 provides (among other things) that the chairman of the board should attend annual general meeting. Dr Cheng Kar-shun, Henry, the Chairman of the Board, was not able to attend the annual general meeting of the Company held on 21 November 2012 ("Meeting") owing to other commitment in the PRC. Mr Doo Wai-hoi, William, the then Vice-chairman of the Board, took the chair of the Meeting. He and the other members of the Board and the Audit and Remuneration Committees who attended the Meeting were of sufficient caliber for answering questions at the Meeting.



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 41 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
- (3) 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

There have been no changes in the Company's constitutional documents during the year.

DIRECTORS' PROFILE



Dr Cheng Kar-shun, Henry *GBS*

Chairman and Managing Director
(Aged 66)

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 and Executive Director of Chow Tai Fook Jewellery Group Limited, the Chairman of International Entertainment Corporation, an Independent Non-Executive Director of HKR International Limited, and a Non-Executive Director of Lifestyle International Holdings Limited and SJM Holdings Limited, all being listed public companies in Hong Kong. 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 Twelfth 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 father of Mr Cheng Chi-kong, Adrian and Ms Cheng Chi-man, Sonia, and the uncle of Mr Cheng Chi-him, Conrad.



Mr Cheng Kar-shing, Peter

Executive Director
(Aged 61)

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 and New World Hotels (Holdings) Limited as well as the Chairman of Chow Tai Fook Charity Foundation. Mr Cheng is The Commissar of the Chinese People's Political Consultative Conference, Guangzhou City and the University Assembly member of University of Macau. He is a Fellow of The Hong Kong Institution of Engineers, a Fellow of The Hong Kong Institute of Arbitrators, a Fellow of Hong Kong Construction Arbitration Centre, 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 father of Mr Cheng Chi-him, Conrad as well as the uncle of Mr Cheng Chi-kong, Adrian and Ms Cheng Chi-man, Sonia.

Mr Cheng Chi-kong, Adrian

Executive Director
(Aged 33)

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 and Modern Media Holdings 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 being 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. 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, the Chairman of China Young Leaders Foundation, the Honorary Chairman of K11 Art 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 and the nephew of 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.



Ms Cheng Chi-man, Sonia

Executive Director
(Aged 32)

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 Rosewood Hotel Group, 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 with a concentration in Applied Mathematics from Harvard University in U.S.A.. Ms Cheng is a member of the Eleventh Guizhou Municipal Committee of The Chinese People's Political Consultative Conference. She is the daughter of Dr Cheng Kar-shun, Henry and the niece of 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.



DIRECTORS' PROFILE



Mr Cheng Chi-him, Conrad

Executive Director
(Aged 34)

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's Degree majoring 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. Mr Cheng is the son of Mr Cheng Kar-shing, Peter and the nephew of Dr Cheng Kar-shun, Henry. He is also the cousin of Mr Cheng Chi-kong, Adrian and Ms Cheng Chi-man, Sonia.



Mr Fong Shing-kwong, Michael

Executive Director
(Aged 65)

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.

Ms Ngan Man-ying, Lynda

Executive Director
(Aged 47)

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 a Non-Executive Director of New World Department Store China Limited, a listed public company in Hong Kong, upon re-designation from Executive Director on 10 December 2012. 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 Practising 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 26 years of experience in auditing, accounting, business advisory and tax consultancy. Ms Ngan is the Company Secretary of New World China Land Limited.



Dr Cheng Wai-chee, Christopher *GBS OBE JP*

Independent Non-Executive Director
(Aged 65)

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. Dr Cheng is also a Non-Executive Director of Eagle Asset Management (CP) Limited (as manager of Champion Real Estate Investment Trust) and was appointed as a Non-Executive Director of The Hongkong and Shanghai Banking Corporation Limited on 1 May 2013. He was the Chairman of Winsor Properties Holdings Limited, a listed public company in Hong Kong, and the Independent Non-Executive Director of DBS Group Holdings Limited, a listed public company in Singapore, up until his retirement on 1 September 2012 and 29 April 2013, 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.



DIRECTORS' PROFILE



Hon Tien Pei-chun, James *GBS JP*

Independent Non-Executive Director
(Aged 66)

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, the 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. He is also an Independent Non-Executive Director of Yeebo (International Holdings) Limited, a listed public company in Hong Kong. Mr Tien is a legislative councillor and is very active in the community. Other than a member of the Chinese People's Political Consultative Conference, Mr Tien also serves as a member of the China Overseas Friendship Association, sits on the general committee of the Hong Kong General Chamber of Commerce and is a court member of the Hong Kong Polytechnic University.



Mr Lee Luen-wai, John *BBS JP*

Independent Non-Executive Director
(Aged 64)

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 former listed company in the Republic of Philippines, up until his resignation on 21 June 2012 and 13 December 2011, respectively. 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 Public Boards and Committees including the Chairman of the Board of Trustees of the Hospital Authority Provident Fund Scheme and the Chairman of the Queen Elizabeth Hospital Governing Committee. In addition, Mr Lee serves as a member of the Appeal Boards Panel (Education).

Mr Ip Yuk-keung, Albert

Independent Non-Executive Director
(Aged 61)

Mr Ip was appointed as an Independent Non-Executive Director of New World China Land Limited in December 2012. 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 Ip is an Independent Non-Executive Director and Audit Committee Chairman of Hopewell Highway Infrastructure Limited and AEON Credit Service (Asia) Company Limited, both Hong Kong listed public companies, and Eagle Asset Management (CP) Limited (manager of Hong Kong listed Champion Real Estate Investment Trust). He also acts as an Independent Non-Executive Director and Audit Committee member of TOM Group Limited, a Hong Kong listed public company.

Mr Ip is an international banking and real estate professional with 33 years of experience at Citigroup, First National Bank of Chicago, Wells Fargo Bank and Merrill Lynch in Hong Kong, Asia and United States. His areas of expertise are in real estate, corporate banking, risk management, transaction banking and wealth management. Mr Ip was named Managing Director of Citigroup in 2003 and Senior Credit Officer/Real Estate Specialist of Citicorp in 1990. He held senior positions at Citigroup such as Corporate Bank Head, Head of Transaction Banking, Corporate Customer and Financial Institutions coverage and Head of Asia Regional Investment Finance of Wealth Management. He was a Managing Director of Investments at Merrill Lynch (Asia Pacific).

Mr Ip is a Council and Court Member and an Adjunct Professor of Lingnan University, a Member of International Advisory Board of College of Business, an Adjunct Professor and a Career Development Advisor at City University of Hong Kong, a Member and Governor of Technological & Higher Education Institute of Hong Kong, a Member of the International Advisory Committee and an Adjunct Scholar at University of Macau, an Executive Fellow in Asia, an International Delegate, Alumni Board of Governors and a Member of International Advisory Council Asia at Washington University in St. Louis, a Council Member of Cornell University, a Member of School Board Advisory Committee of Victoria Shanghai Academy and an Honorary Fellow of Vocational Training Council. Mr Ip is also a member of The Management Subcommittee of the Boys' and Girl's Clubs Association of Hong Kong.

Mr Ip holds a Bachelor of Science degree in Applied Mathematics and Computer Science at Washington University in St. Louis (summa cum laude), a Master of Science degree in Applied Mathematics at Cornell University and a Master of Science in Accounting and Finance at Carnegie-Mellon University.



SENIOR MANAGEMENT PROFILE



1 Yau Kwok-siu, Ronald

2 Wong Siu-man, Simon

3 Li Sau-lung

4 Geng Shu-sen, Kenneth

5 Chan Yiu-ho, Benny

6 Liang Guo-qiang, CK

7 Lau Chung-chun, Desmond

8 Ngan Man-ying, Lynda

9 Liu Li-qun

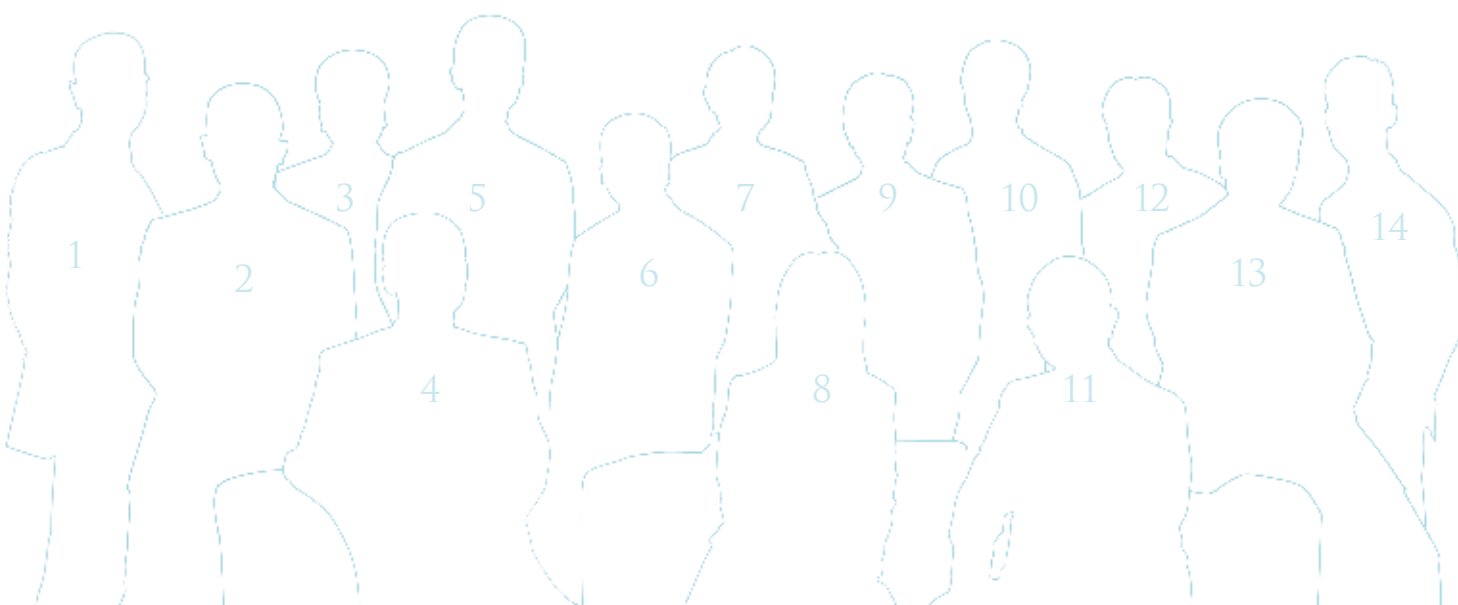
10 Chan Chi-wing, Wingo

11 Fan Chor-kwok, Ambrose

12 Wong See-yuen

13 Lee Steward

14 Yuan Zhi-hai, Titus



Yau Kwok-siu, Ronald*(Aged 50)*

Mr Yau is a Deputy Regional Chief Executive of the Group. He is primarily assisting Mr Wingo Chan in overseeing the Group's projects in Tangshan and Beijing. Mr Yau graduated from the Robert Gordon University, UK with Bachelor Degree in Quantity Surveying and the Andrews University, USA with Master Degree in Business Administration. He is a member of the Royal Institute of Chartered Surveyors (RICS) and a fellow member of the Australian Institute of Quantity Surveyors. Mr Yau has more than 23 years' working and management experience in real estate development in Hong Kong and PRC. Mr Yau joined the New World Group in 2011.

Li Sau-lung*(Aged 59)*

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 29 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.

Wong Siu-man, Simon*(Aged 44)*

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 17 years of working experience in the property development sector in PRC. Mr Wong is the director of Hong Kong Friendship Association of Hubei Province, Vice-chairman of Hong Kong Friendship Association of Wuhan, Vice-chairman of Wuhan Overseas Friendship Association and Vice-chairman of Wuhan Overseas Chamber of Commerce. Mr Wong joined New World Group in 1996.

Geng Shu-sen, Kenneth*(Aged 50)*

Mr Geng is a Regional Director — Southern China of the Group who primarily oversees the Group's projects in Guangdong (including 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 Standing Committee Member of the 12th Chinese People's Political Consultative Conference of Guangzhou, the Standing Committee Member of the 7th Chinese People's Political Consultative Conference of Tianhe District in Guangzhou, the Honorary Citizen of Guangzhou, the Honorary Citizen of Zhaoqing, and also the Executive Director of Guangzhou Overseas Friendship Association. Mr Geng joined the Group in 1999 and was appointed as Regional Director — Southern China in 2008.

SENIOR MANAGEMENT PROFILE

Chan Yiu-ho, Benny

(Aged 41)

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 13 years of experience in real estate development in the PRC. Mr Chan is a Committee Member of the 14th Chinese People's Political Consultative Conference of Heping District, Shenyang. 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.

Lau Chung-chun, Desmond

(Aged 66)

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 and 14th 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.

Liang Guo-qiang, CK

(Aged 40)

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 17 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.

Liu Li-qun

(Aged 63)

Mr Liu is a Regional Chief Executive of the Group who primarily oversees the Group's projects in Changsha and Yiyang. 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 since February 2012.

Chan Chi-wing, Wingo*(Aged 51)*

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. Mr Chan graduated from the Faculty of Architecture, the University of Hong Kong. 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 15 years.

Wong See-yuen*(Aged 56)*

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 33 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.

Fan Chor-kwok, Ambrose*(Aged 69)*

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.

Lee Steward*(Aged 45)*

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 17 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 is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr Lee had once joined the New World Group in 1996. He has worked with the Group for more than 16 years.

Yuan Zhi-hai, Titus*(Aged 42)*

Mr Yuan is the Regional Chief Executive of the Group, whose primary responsibility is to manage the Ningbo Project. Mr Yuan possesses abundant working experience in the property development sector in PRC, especially in project operations and Commercial Operations. Mr Yuan served as The Operation Director of Southern China Region, General Manager of the Commercial Operation Centre, Project General Manager of Zhuhai Jin Hai New World and Guangzhou Central Park-View Projects. Mr Yuan joined the Group in 2006.

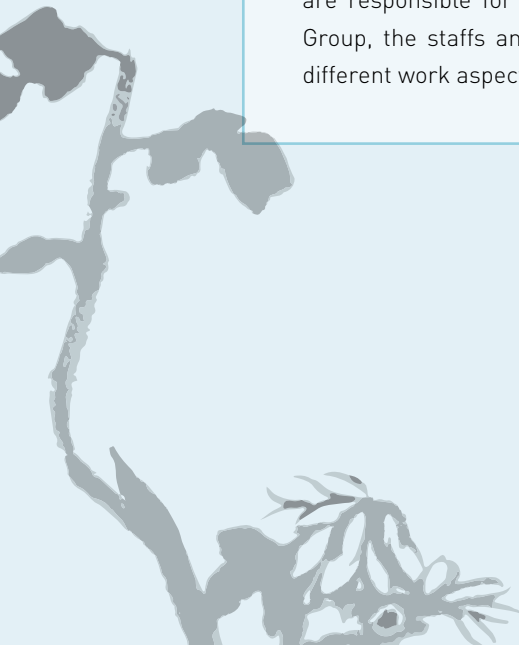
CORPORATE SUSTAINABILITY

Sustainability is one of the important core values of NWCL. The Group strives to strike a balance among the society, economy and environment when making business decisions. While focusing on sustainable urban community development, the Group attaches great importance in building harmonious living in communities with a local cultural perspective.

The Group had held various activities and established best practices during the year to promote environmental protection, to care for the underprivileged and to take care of the wellness of our employees as well as supporting education, recreation, cultural and art projects, which demonstrate our relentless efforts to create sustainable and happy communities.

SUSTAINABILITY COMMITTEE

In order to formally commence the corporate sustainability initiatives, NWCL established Sustainability Committee, which is chaired by Executive Director Ms Ngan Man-ying, Lynda, in 2012 and published the Sustainability Policy of the Group. The committee is responsible for formulating relevant policies and objectives to improve the development of the community, the staffs and the environment. Regional offices under the Group also established their own Sustainability Sub-committees. Such committees are led by regional senior management and are responsible for promoting and implementing sustainable practices in order to lead the Group, the staffs and the stakeholders to carry out the sustainable development policies to different work aspects and details.



Environment

NWCL proactively incorporates green design into its projects and organises various campaigns to introduce low-carbon lifestyle to the community. There are nine projects of the Group which have attained LEED Gold Certification or Pre-certification from the US Green Building Council. Among the commercial projects which received the LEED Gold Certification are Wuhan New World International Trade Tower and Wuhan New World Centre, making the Group the first developer in Central China to receive two LEED Gold Certifications.

Urban Farming

K11, a major commercial operation partner of the Group and a zealous practitioner of environmental protection, always adheres to its core values of "Art • People • Nature". The Group fully supported the building of a K11 urban farm on the residential podium at Wuhan New World Centre which is the first of its kind in Mainland China. Under this visionary project, an outdoor area of over 500 sq m was transformed into farms and gardens with eco-technology to encourage the urbanites to explore and to experience the relationship between human and nature.



"High Technology, Low Carbon" Building Concept

With the building concept of "High Technology, Low Carbon", the commercial portion of Wuhan Guanggu New World was built according to the standard of LEED Gold Certification by the US Green Building Council while the residential portion was designed and constructed according to the Two-star Standard by the China National Green Building Evaluation. The project boasts the biggest vertical green wall, with an area of 900 sq m, in Mainland China. The vertical green wall can lower the surrounding area temperature by 5 to 10 degree Celsius. The project also won the "Elite Science & Technology Residential Area Award" from the Elite Foundation for Housing Technology in Mainland China in 2012.



CORPORATE SUSTAINABILITY

Pioneering Eco Friendly Community

Chengdu Riverside New World has built the first pilot electric vehicle charging station in Sichuan Province, the landscape courtyards and the light shaft were specially designed in the carpark to provide a pleasant natural environment. The project is also a pilot community in Shuangliu County, Chengdu to carry out waste separation. Chengdu office actively promoted this best practice to the residents, and provided training to its staff.



Large-scale Ecological Community Project

Canton First Estate, with a site area of nearly 3 million sq m, was designed as an ecological community project through the corporation of a roughly 270,000 sq m water recycling planning, a 470,000 sq m plantation optimisation and transformation, and a large-scale running water garden. Guangzhou Foshan Club and New World Foshan Hotel target to attain LEED Gold Certification and Three-star Standard by the China National Green Building Evaluation. Both artificial wetland and floating island were introduced in the planning stage, through which rain water collected will be discharged into the lakes and used for irrigation, saving an estimated 1.2 million cubic metres of water annually.



This project boasts a 20 km green boulevard which is built along the lake. It is designed for the residents to appreciate the lake view as well as to enjoy cycling and jogging, and to embrace a healthy and leisure lifestyle.



Community

Spurred by its belief in corporate social responsibility, NWCL has a long tradition in supporting various charitable, cultural and art, recreational, environmental protection and educational activities in the society, responding to social needs, and creating a better living environment for the community.

Philanthropy and Charitable Giving

NWCL makes donation to various charities and NGOs every year, and has sponsored United Nations Children's Fund ("UNICEF") for six consecutive years, all with an aim to support the good causes in the communities.

Community Building

As a socially responsible developer, NWCL extends aid to underprivileged communities. In 2013, NWCL signed an agreement with Habitat for Humanity whereby a total of RMB672,000 will be donated for the reconstruction of houses for 40 impoverished farmers and their families in Sichuan and Guangdong provinces. The volunteers of the Group from both Mainland China and Hong Kong joined a five days voluntary works in Jiuchi, Pengzhou City, Sichuan in August 2013, helping out on the actual reconstruction work.

In April 2013, to help the victims in the earthquake of Ya'an, Sichuan, the Group donated RMB1 million to UNICEF China for the provision of aids to children and women in the stricken areas.

In 2012, NWCL (Southern China) donated RMB333,000 for the construction of New World Park in Jiaoan Village, Chayang Town, Dabu County, Meizhou City, Guangdong Province. The completed "New World Park" will become a recreational venue for the residents of Jiaoan Village.



CORPORATE SUSTAINABILITY

Education Sponsorships for the Underprivileged

NWCL strives to offer opportunities to the underprivileged families and students through education sponsorships as we value equal opportunities for everyone. In 2013, Changsha New World Volunteer Team visited two primary schools in Changsha County to conduct a charitable activity, "Work Together for a Better Future". Books, scholarship and sports equipment worth RMB200,000 were donated to the students.

In 2012, Southern China New World Volunteer Team visited Beiqiang Primary School in Liangtang Town, Yunfu City and donated educational kits and 150 beds for the students. In the same year, NWCL (Southern China) donated RMB1 million during Guangdong Poverty Alleviation Day and Guangzhou Charity Day Gala to support the underprivileged in Guangdong Province.

NWCL (Jinan) had set up the "New World Jinan Special Charity Fund" early in 2007. Since then, it has made RMB100,000 donation every year to support the underprivileged university students. NWCL (Jinan) has already engaged in this charitable giving for six consecutive years.



Art and Culture

NWCL fully embraces the concept of corporate sustainability and offers support to multicultural development. The Group aims at building a bridge between art and culture and the general public, as well as bringing more cross-cultural experiences to the public through integrating various cultural resources.

Happy Island Library

Happy Island Library (New World Wuhan Huafu Pavilion), the fourth community library jointly established by NWCL and NGO Le Chuang Yi Community, was opened in 2013. The library is managed and operated by community volunteers with books donated by the residents. Currently, there are four Happy Island Libraries in Mainland China which are located in Beijing New World Garden, Guangzhou Park Paradise, Wuhan Huafu Pavilion and Wuhan Changqing Garden.



Art in Britain — Miracoco — Architects of Air

In 2012, NWCL and the Cultural and Education Section of the British Embassy jointly introduced "Miracoco — Architects of Air" to Mainland China for the first time. The exhibition was held in Changqing Garden, Wuhan for the residents and general public to have a close encounter with public art and to experience a journey of light, shadow and space.



CORPORATE SUSTAINABILITY

Volunteer Services

NWCL set up New World Volunteer Team, the first developer's corporate volunteer team in Mainland China, early in November 2008 as the Group cares about the underprivileged in the community. Currently, over 800 staff volunteers from 10 cities across the country offer their helping hands in Beijing, Tianjin, Shanghai, Guangzhou, Foshan, Chengdu, Shenyang, Jinan and other cities.

Child Development

New World Volunteer Team cares for the underprivileged through a variety of charity events. In 2013, NWCL (Shanghai) organised "Love The Shining Children", an activity for the children suffering from autism. During the event, Shanghai New World Volunteer Team spread the knowledge about childhood autism to the public. In the same year, Beijing New World Volunteer Team provided aid to Yanjingxiaotiane Community School in Beijing on different occasions, which includes organising planetarium and zoo visits, and celebrating Children's Day with the teachers and the students and giving gifts to them. Chengdu New World Volunteer Team offers continuous care for children suffering from leukemia, organising various fundraising events and interactive activities for the patients to strengthen their determination to overcome sickness.



Care for the Elderly

New World Volunteer Team continues to hold different charity events such as hiking for senior citizens to promote the awareness of respecting the elderly. In 2013, Guangzhou New World Volunteer Team held a spring outing to Baiyun Lake Park for nearly 100 seniors living alone in New World Oriental Garden and Guangzhou Dong Yi Garden. The team spent a whole day with the elderly in joyous atmosphere. In 2012, Foshan New World Volunteer Team organised Mid-autumn elderly visits in the local community and celebrated the festival with the elderly.



Community Recreation and Sports

New World Volunteer Team advocates and supports various community recreation and events to promote the idea of "Participate in Sports for Body and Minds". In 2013, Shenyang New World Volunteer Team assisted in Shengjing Disabled Children Sports Game for the fourth time and provided roll-call services. In 2012, New World Volunteer Team joined Guangzhou Dragon Boat International Tournament, jointly held by the cities of Guangzhou, Foshan, Zhaoqing and Qingyuan, and provided various services including liaison, catering and security assistance.



Environmental Protection and Educational Programmes

NWCL spares no effort in participating and organising environmental protection and educational programmes for the public, which is a testimony of the Group's concern about the environment and its commitment to sustainable development.

Earth Hour Campaign

In 2013, NWCL and nearly 50 of its property projects located in 20 cities across Mainland China, supported the Earth Hour campaign of the World Wide Fund for Nature ("WWF") for the fifth consecutive year. During the evening of the Earth Hour day, participating projects turned off lights since 8:30 pm for an hour to support environmental protection. An "Unplugged Concert" was organised in Guangzhou Central Park-view "Canton Place" of the Group during the night. A local famous band was invited to perform with around 500 residents in attendance.



CORPORATE SUSTAINABILITY

Charity Sale of Green Handicrafts

NWCL (Beijing) held 2012 Family DIY Bazaar, which attracted nearly 20 families to make green handicrafts and hold charity sales with their well-decorated booths. The fund raised from the bazaar will be used for the development of fair trade for the underprivileged regions in Western China.



"Springs Protection" Campaign

NWCL (Jinan) held a "Springs Protection" Campaign in which New World Volunteer Teams from Beijing, Tianjin and Jinan distributed booklets about the protection of springs and cleared the rubbish in the springs in Qushuiting Street in Jinan, a city famous for its numerous underground springs. The campaign successfully raised residents' awareness of the protection of springs.



"Environmental Protection • Care for Your Home" School Talk

In 2013, Shenyang New World Volunteer Team organised a talk under the theme of "Environmental Protection • Care for Your Home" at Maguanqiao Primary School in Dongling District, Shenyang. The volunteer explained the significance of water and energy saving for the Earth and raised the environmental awareness of the students through interactive games, and nurture their habits of energy saving from early age.



NWCL Club

In order to build a harmonious society, NWCL is dedicated in establishing long-term good relationship with its property owners and residents. In 2009, riding on the corporate ideal of "New Living", the Group has begun the setting up of regional customer loyalty programme NWCL Club in 20 cities including Shenyang, Beijing, Wuhan, Guangzhou etc, in Mainland China, with an objective to enhance the cross interaction and understanding with the customers. At present, there are over 130,000 club members.

Diversified Healthy Lifestyle

NWCL Club held diversified activities for its members to savor, including family, recreational, cultural and art events as well as to experience different lifestyle. In June 2013, NWCL Club and Wuhan K11 Gourmet Tower jointly held the first "Changqing Community Cycling Race" in the Central Park of Changqing Garden. 400 parents and their children were invited to experience the healthy lifestyle of green travelling.



Personalised Services and Group Privilege

The professional service teams of the Group are dedicated to improving the quality of service and the living standard of its customers. NWCL Club establishes ongoing two-way communication with members through club magazines, newsletters and focus groups. NWCL Club members can also enjoy exclusive offers and privileges of New World Group and its associated companies.



Third Anniversary of NWCL Clubs

To celebrate the third anniversary of NWCL Club, the Group held a series of celebrations throughout Mainland China in 2012. The Group has invited 44 groups of families to join "Happy Carnival" in the Huiyang Palm Island Resort gala event which lasted for three days.



CORPORATE SUSTAINABILITY

Employees

The Group regards the employees as its most valuable asset. There are over 9,000 employees in Hong Kong and Mainland China. The Group implements a comprehensive employee development policy to create a challenging, pleasant and safe working environment which emphasises mutual respect.

Talent Training and Development

NWCL regularly organises different kinds of job training programmes and provides comprehensive development plan for the employees as we highly emphasise talent training and personal development.

Apart from the internship training scheme to nurture future leaders, the Group also launches various training programmes which cater for employees of different levels. These programmes cover management skills, legal knowledge, occupational skills, emotional quotient in the workplace and customer services.

NWCL's employees also actively participate in the training programmes and events organised by New World Group, including Annual Group Management Forum, "New World Star Executive Development Programme", "Accelerating Management Talent Programme" and "New World YoungSTAR Programme".



Employee Communication and Engagement

Two-way Communication

NWCL emphasises two-way communication with the employees and shares information to employees through monthly newsletters, intranet, e-mails and "New Living", a staff magazine. Moreover, the Group screened a "Management Video" in Hong Kong headquarters and different regional offices in 2012. The video was narrated by the senior management of New World Group while features the latest policy, culture and the development direction of New World Group, the screening attracted over a thousand of employees to participate in.



Fostering Corporate Culture

In order to match with the latest corporate core value of New World Group which emphasises on Innovation, Trust and Improvement — "UNITI", NWCL established "LEAPING", a group dedicated in work improvement in Hong Kong headquarters and different regional offices to promote corporate culture and encourage innovation and improvement among the employees.



The employees are encouraged to strike a balance between work and life. The Group regularly holds various interest classes, sports events and recreational activities, such as voluntary services, birthday parties, gatherings for the employees and their families as well as national Staff Sports Day, which is being held every three years.



CORPORATE SUSTAINABILITY

Health and Safety

Considering occupational safety an important issue, NWCL holds training programmes and workshops on occupational safety regularly. A series of activities and talks have also been organised to increase the safety awareness and enhance the skills of the employees so that they will understand the importance of implementing effective safety measures in the workplace.



Welfare of Employees

The Group continuously improves the welfare of employees. Besides additional leaves such as birthday, examination and paternity leave, a self-study sponsorship is also offered to encourage employees to pursue self-improvement. Moreover, the Group launched a scholarship scheme and internship programme for the employees' children in 2013 to express its care to the families of the employees.



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FINANCIAL SECTION CONTENTS



REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report and financial statements for the year ended 30 June 2013.

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 42 to the financial statements.

Financial Statements

The results of the Group for the year ended 30 June 2013 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 146 to 238.

Dividends

The directors have resolved to recommend the payment of a final dividend of HK\$0.04 per share (2012: HK\$0.04 per share) in respect of the year ended 30 June 2013. Together with the interim dividend of HK\$0.03 per share (2012: HK\$0.03 per share), the total dividends for the year ended 30 June 2013 would thus be HK\$0.07 per share (2012: 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 Monday, 30 December 2013 to the shareholders whose names appear on the register of members of the Company on Tuesday, 26 November 2013.

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 30 June 2013 amounted to HK\$20,594 million (2012: HK\$21,909 million).

Purchase, Sale or Redemption of Company's Listed Securities

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

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\$15,331,000 (2012: HK\$6,863,000).

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	[Resigned on 1 July 2013]
Mr Chow Yu-chun, Alexander	[Resigned on 28 December 2012]

Independent Non-executive Directors

Dr Cheng Wai-chee, Christopher	
Hon Tien Pei-chun, James	
Mr Lee Luen-wai, John	
Mr Ip Yuk-keung, Albert	[Appointed on 28 December 2012]

In accordance with Article 99 of the Company's Articles of Association, Mr Ip Yuk-keung, Albert will retire at the forthcoming annual general meeting and being eligible, will offer himself for re-election.

In accordance with Article 116 of the Company's Articles of Association, Dr Cheng Kar-shun, Henry, Mr Cheng Chi-kong, Adrian, Ms Cheng Chi-man, Sonia, Mr Cheng Chi-him, Conrad and Mr Lee Luen-wai, John 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.

REPORT OF THE DIRECTORS

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 master services agreements dated 16 May 2011, 19 May 2011 and 10 December 2012 between the Group and Mr Doo Wai-hoi, William ("Mr Doo"), a former director of the Company, as disclosed in paragraphs A(2), (3) and (5) 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 23 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 (the "Group") to provide hotel management and consultancy services as well as project management and consultancy services to members of the CTF group, subject to the terms and conditions of each operational agreement to be entered into between the Group and the CTF group 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 1 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 share capital of New World Development Company Limited ("NWD"), the ultimate controlling shareholder of the Company. Details of the CTF Master Agreement were set out in an announcement of the Company dated 23 November 2010.

The CTF Master Agreement was subsequently amended by two supplemental agreements dated 14 March 2012 and 10 December 2012 for the purposes of, among others, revising the maximum annual values ("annual caps") stipulated under the CTF Master Agreement, expanding the definition of "CTF group" with reference to the definition of "associate" of connected person given under the Listing Rules and allowing for the provision of contracting services in addition to the then existing categories of services to be provided by the Group to the CTF group. Details of the aforesaid two supplemental agreements were set out in the announcements of the Company dated 14 March 2012 and 10 December 2012.

The aggregate transaction values in respect of each category of the services provided by members of the Group to the CTF group under the CTF Master Agreement and the annual caps stipulated under the CTF Master Agreement for the year ended 30 June 2013 were as follows:

	Aggregate transaction values HK\$'000	Annual caps HK\$'000
Hotel management and consultancy services	73,300	94,700
Project management and consultancy services	4,300	18,500
Contracting services	130,900	248,700

- (2) On 16 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 30 June 2011, being the completion date of the Management Buyout, on a 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 30 June 2013 amounted to HK\$25,438,000 (2012: HK\$51,601,000), which were within the annual cap of HK\$95,000,000.

At the date of the Existing Master Services Agreement, Mr Doo was 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 the announcement of the Company dated 16 May 2011.

REPORT OF THE DIRECTORS

Connected Transactions *(Continued)*

A. Master services agreements *(Continued)*

- (3) On 19 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 1 July 2011.

The aggregate transaction values under the New Master Services Agreement for the year ended 30 June 2013 amounted to HK\$34,682,000 (2012: HK\$57,728,000), which were within the annual cap of HK\$1,491,000,000.

At the date of the New Master Services Agreement, Mr Doo was a connected person of the Company based on the reason stated in the paragraph A(2) above. Details of the New Master Services Agreement were set out in an announcement of the Company dated 19 May 2011 and in a circular dated 10 June 2011.

- (4) On 21 May 2012, a master services agreement (“NWD Master Agreement”) was entered into between the Company and NWD under which the Company agreed to (i) engage members of NWD group to provide contracting services, property agency services and leasing services to members of the Group; and (ii) provide leasing and property management services, as well as hotel management services to members of 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, with effect from 1 July 2012 for an initial term of three years. For the purposes of the NWD Master Agreement, NWD group includes NWD, its subsidiaries or any other company in the equity capital of which NWD and/or its subsidiaries taken together are directly or indirectly interested so as to exercise or control the exercise of 30% or more of the voting power at general meeting, or to control the composition of a majority of the board of directors, and the subsidiaries of such company but excludes members of the Group. NWD is a connected person of the Company by virtue of its substantial shareholding in the Company. Details of the NWD Master Agreement were set out in the announcement of the Company dated 21 May 2012 and in a circular dated 8 June 2012.

The aggregate transaction values in respect of (i) the services rendered by the NWD group to the Group and (ii) the services rendered by the Group to the NWD group under the NWD Master Agreement and the annual caps stipulated under the NWD Master Agreement for the year ended 30 June 2013 were as follows:

	Aggregate transaction values HK\$'000	Annual caps HK\$'000
Services rendered by the NWD group to the Group	168,300	1,423,100
Services rendered by the Group to the NWD group	438,300	609,700

- (5) On 10 December 2012, a master contracting services agreement (“Master Contracting Services Agreement”) was entered into between the Company and Mr Doo under which relevant members of the Group may enter into definitive agreements with companies controlled by Mr Doo which are engaged in property development business (“Property Development Companies”) in relation to the provision of contracting services by the Group to the Property Development Companies during the period from 10 December 2012 to 30 June 2015 (both days inclusive).

The aggregate transaction values under the Master Contracting Services Agreement for the year ended 30 June 2013 amounted to HK\$21,440,000 (2012: Nil), which were within the annual cap of HK\$284,000,000.

At the date of the Master Contracting Services Agreement, Mr Doo was a connected person of the Company based on the reason stated in the paragraph A(2) above. Details of the Master Contracting Services Agreement were set out in the announcement of the Company dated 10 December 2012.

REPORT OF THE DIRECTORS

Connected Transactions *(Continued)*

A. Master services agreements *(Continued)*

- (6) On 27 June 2013, the Company entered into a new master services agreement (“New CTF Master Agreement”) with CTF in anticipation of the expiry of the CTF Master Agreement (paragraph A(1) above). Pursuant to the New CTF Master Agreement, relevant members of the Group may enter into definitive agreements with relevant members of the CTF group in relation to the provision by the Group of hotel management and consultancy services as well as the contracting services to the CTF group for an initial term of three years commencing from 1 July 2013. For the purposes of the New CTF Master Agreement, CTF group includes CTF and any other company which is its subsidiaries, holding company, fellow subsidiaries of such holding company and any other companies in the equity capital of which CTF and the abovementioned companies taken together can exercise or control the exercise of 30% or more of the voting power at general meetings, or to control the composition of a majority of the board of directors, and any other company which is its subsidiary but excludes members of the NWD group which CTF has interest in solely through NWD. CTF is a substantial shareholder of NWD and is considered to be a connected person of the Company. Details of the New CTF Master Agreement were set out in the announcement of the Company dated 27 June 2013.

The annual caps in respect of the services to be provided by the members of the Group under the New CTF Master Agreement for each of the three financial years ending 30 June 2014, 30 June 2015 and 30 June 2016 will be HK\$158,700,000, HK\$193,000,000 and HK\$196,900,000, respectively.

B. Master sales agreements

- (1) On 22 March 2011, a master sales agreement (“Existing Master Sales Agreement”) was entered into between the Company, New World Department Store China Limited (“NWDS”) and Chow Tai Fook Jewellery Company Limited (“CTF Jewellery”), under which (i) NWDS agreed to accept various cash equivalent gift coupons, gift cards and stored value shopping cards (“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 department 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 22 March 2011 and was ended on 30 June 2013. 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 Existing Master Sales Agreement for the year ended 30 June 2013 amounted to RMB9,404,000 (2012: RMB7,729,000), which were within the annual cap of RMB50,000,000.

NWDS is a subsidiary of NWD, a connected person of the Company. 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 Existing Master Sales Agreement were set out in the announcement of the Company dated 22 March 2011.

- (2) On 27 June 2013, the Company entered into a new master sales agreement (“New Master Sales Agreement”) with NWDS in anticipation of the expiry of the Existing Master Sales Agreement (paragraph B(1) above). Pursuant to the New Master Sales Agreement, relevant members of the Group and relevant members of the NWDS group may enter into definitive agreements in respect of the use of the Shopping Vouchers, the Prepaid Shopping Cards or other means acceptable to the NWDS group as payment of purchase of goods at the department stores owned and operated by NWDS group and the settlement of the relevant value represented by such payment (with discount, if applicable) between relevant members of the Group and the NWDS group, subject to the terms and conditions in compliance with those of the New Master Sales Agreement for a term of three years commencing from 1 July 2013. The New Master Sales Agreement will ensure the smooth operation of the marketing plan of the Group with an aim to promote the sales of properties of the Group.

The annual caps under the New Master Sales Agreement for each of the three financial years ending 30 June 2014, 30 June 2015 and 30 June 2016 will be RMB25,000,000.

NWDS is an associate of the connected person of the Company based on the reason stated in the paragraph B(1) above. Details of the New Master Sales Agreement were set out in the announcement of the Company dated 27 June 2013.

REPORT OF THE DIRECTORS

Connected Transactions *(Continued)*

C. Cooperation agreement

On 8 February 2013, 瀋陽新世界酒店有限公司 (Shenyang New World Hotel Co., Ltd.) ("SYNWH") (now known as 瀋陽新世界新滙置業有限公司 (Shenyang New World Xin Hui Properties Co., Ltd.)), an indirect wholly-owned subsidiary of the Company, entered into a cooperation agreement with 瀋陽時尚物業有限公司 (Shenyang Trendy Property Company Limited) ("Shenyang Trendy"), an indirect wholly-owned subsidiary of NWDS, in relation to the co-operation in the re-development of the building known as New World Shenyang Hotel (the "Building") located on 2 Nanjingnan Street, Heping District, Shenyang, Liaoning Province, the PRC (the "Land"). The Land and the Building were owned by SYNWH and Shenyang Trendy as to relevant portions. Pursuant to the agreement, SYNWH would be responsible for the re-development of the part of the Building attributable to Shenyang Trendy whereby Shenyang Trendy agreed to contribute a sum of RMB527,060,000 (subject to adjustment) for the re-development, which was payable to SYNWH by instalments in accordance with the terms and conditions of the agreement, details of which were set out in an announcement of the Company dated 8 February 2013.

Owing to the relevant PRC regulations and requirements of the local governmental authorities that the re-development of the Land and the Building was to be carried out on an unified-planning basis, the cooperation will enable the smooth operation of the re-development which will enhance the value of the Land.

By virtue of the fact that Shenyang Trendy is a wholly-owned subsidiary of NWDS, a connected person by reason stated in paragraph B(1) above, Shenyang Trendy is regarded as an associate of a connected person of the Company under the Listing Rules. The entering into the agreement therefore constituted a connected transaction of the Company under the Listing Rules.

D. Master purchase agreement

On 19 March 2013, the Company entered into a master purchase agreement with Chow Tai Fook Jewellery Group Limited ("CTFJ") under which relevant members of the Group may from time to time enter into definitive agreements with relevant members of the CTFJ group in respect of (i) the purchases of gold products by the relevant members of the Group from the relevant members of the CTFJ group; (ii) the purchases by the relevant members of the Group of the gift vouchers issued or to be issued by the CTFJ group ("CTFJ gift vouchers") and the use of such CTFJ gift vouchers by holders thereof given by the Group as payment of purchase of goods at the stores where the CTFJ group operates its business ("Stores"); and (iii) the use of gift vouchers issued or to be issued by the Group ("NWCL gift vouchers") by customers of the Group as payment of purchase of goods at the Stores and the settlement of the relevant value represented by such NWCL Gift Vouchers (with rebates), subject to the terms and conditions in compliance with those of the master purchase agreement with effect from 19 March 2013 and ending on 30 June 2015 (both days inclusive). The gold products, CTFJ gift vouchers and NWCL gift vouchers will be provided as gifts to the purchasers of properties of the Group as part of the marketing activities of the Group.

The aggregate transaction values under the master purchase agreement for the year ended 30 June 2013 amounted to HK\$9,930,000 (2012: Nil), which were within the annual cap of HK\$65,100,000. CTFJ is an associate of CTF which is a substantial shareholder of NWD and is therefore regarded as a connected person of the Company under the Listing Rules. Details of the master purchase agreement were set out in the announcement of the Company dated 19 March 2013.

E. 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 31 March 1999. During the year, tax indemnity amounting to HK\$617,208,000 (2012: HK\$503,477,000) was effected.

F. 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 (5) above), the master sales agreement (paragraph B(1) above) and the master purchase agreement (paragraph D above) for the financial year ended 30 June 2013 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 41 to the financial statements.

REPORT OF THE DIRECTORS

Directors' Interests in Securities

As at 30 June 2013, the interests of the directors and their associates in shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

(A) Long position in shares

	Number of shares			Total	Percentage to the relevant issued share capital at 30 June 2013
	Personal interests	Family interests	Corporate interests		
New World China Land Limited					
(Ordinary shares of HK\$0.10 each)					
Dr Cheng Kar-shun, Henry	29,985,826	4,387,500	117,610,200 ¹	151,983,526	1.75
Mr Doo Wai-hoi, William	755,961	—	1,317,000 ²	2,072,961	0.02
Mr Cheng Kar-shing, Peter	755,961	—	—	755,961	0.01
Ms Cheng Chi-man, Sonia	168,400	—	—	168,400	0.00
Mr Fong Shing-kwong, Michael	2,068,895	—	—	2,068,895	0.02
Dr Cheng Wai-chee, Christopher	387,448	—	—	387,448	0.00
Hon Tien Pei-chun, James	387,448	—	—	387,448	0.00
Mr Lee Luen-wai, John	387,448	—	—	387,448	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	213,182	—	—	213,182	0.00
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar-shun, Henry	18,349,571	—	12,000,000 ¹	30,349,571	0.83
Mr Doo Wai-hoi, William	3,477,834	—	8,330,782 ²	11,808,616	0.32
Mr Cheng Kar-shing, Peter	262,390	—	5,297,991 ³	5,560,381	0.15
Mr Fong Shing-kwong, Michael	2,402,060	—	—	2,402,060	0.07
Dr Cheng Wai-chee, Christopher	2,420,569	—	—	2,420,569	0.07

	Number of shares			Total	Percentage to the relevant issued share capital at 30 June 2013
	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
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 a company wholly-owned by Dr Cheng Kar-shun, Henry.
2. These shares are beneficially owned by a company 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.

REPORT OF THE DIRECTORS

Directors' Interests in Securities *(Continued)*

(B) Long position in underlying shares — share options

(1) The Company

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

Name of director	Date of grant	Exercisable period <i>note</i>	Number of share options			Balance as at 30 June 2013	Exercise price per share HK\$
			Balance as at 1 July 2012	Exercised during the year	Lapsed/re-classified during the year		
Dr Cheng Kar-shun, Henry	29 December 2008	1	1,860,826	(1,860,826) ⁷	—	1.290	
	18 January 2011	2	2,077,922	—	2,077,922	3.036	
Mr Doo Wai-hoi, William	29 December 2008	1	755,961	(755,961) ⁸	—	1.290	
	18 January 2011	2	831,169	—	831,169	3.036	
Mr Cheng Kar-shing, Peter	29 December 2008	1	755,961	(755,961) ⁹	—	1.290	
	18 January 2011	2	831,169	—	831,169	3.036	
Mr Cheng Chi-kong, Adrian	29 December 2008	3	350,425	(350,425) ¹⁰	—	1.290	
	18 January 2011	2	1,558,442	(623,376) ¹⁰	935,066	3.036	
Ms Cheng Chi-man, Sonia	29 December 2008	4	785,269	—	785,269	1.290	
Mr Fong Shing-kwong, Michael	18 January 2011	2	519,481	—	519,481	3.036	
Ms Ngan Man-ying, Lynda	29 December 2008	5	177,234	(176,000) ¹¹	(1,234)	1.290	
	18 January 2011	2	1,038,961	—	1,038,961	3.036	
Dr Cheng Wai-chee, Christopher	29 December 2008	1	88,048	(88,048) ¹²	—	1.290	
	18 January 2011	2	311,688	—	311,688	3.036	
Hon Tien Pei-chun, James	29 December 2008	1	88,048	(88,048) ¹²	—	1.290	
	18 January 2011	2	311,688	—	311,688	3.036	
Mr Lee Luen-wai, John	29 December 2008	1	88,048	(88,048) ¹²	—	1.290	
	18 January 2011	2	311,688	—	311,688	3.036	
Mr Chow Yu-chun, Alexander*	29 December 2008	1	581,508	(581,508) ¹³	—	1.290	
	18 January 2011	2	519,481	—	(519,481) ⁴	3.036	
Total			13,843,017	[5,368,201]	[520,715]	7,954,101	

* Resigned on 28 December 2012

Notes:

1. *Divided into 4 tranches, exercisable from 30 January 2009, 30 January 2010, 30 January 2011 and 30 January 2012, respectively to 29 January 2013.*
2. *Divided into 5 tranches, exercisable from 19 February 2011, 19 February 2012, 19 February 2013, 19 February 2014 and 19 February 2015, respectively to 18 February 2016.*
3. *Divided into 2 tranches, exercisable from 30 January 2011 and 30 January 2012, respectively to 29 January 2013.*
4. *Divided into 5 tranches, exercisable from 30 January 2009, 30 January 2010, 30 January 2011, 30 January 2012 and 30 January 2013, respectively to 29 January 2014.*
5. *Exercisable from 30 January 2012 to 29 January 2013.*
6. *The interests of Mr Chow Yu-chun, Alexander in the share options were re-classified upon his resignation as a non-executive director of the Company on 28 December 2012.*
7. *The exercise date was 12 November 2012. On the trading date immediately before the exercise date, the closing price per share was HK\$3.80.*
8. *The exercise date was 15 November 2012. On the trading date immediately before the exercise date, the closing price per share was HK\$3.66.*
9. *The exercise date was 23 January 2013. On the trading date immediately before the exercise date, the closing price per share was HK\$3.76.*
10. *The exercise date was 3 January 2013. On the trading date immediately before the exercise date, the closing price per share was HK\$3.84.*
11. *The exercise date was 5 November 2012. On the trading date immediately before the exercise date, the closing price per share was HK\$3.86.*
12. *The exercise date was 8 November 2012. On the trading date immediately before the exercise date, the closing price per share was HK\$3.89.*
13. *The exercise date was 24 October 2012. On the trading date immediately before the exercise date, the closing price per share was HK\$3.37.*
14. *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)*

(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 were as follows:

Name of director	Date of grant	Exercisable period <i>note</i>	Number of share options				Balance as at 30 June 2013	Exercise price per share <i>note 2</i> HK\$
			Balance as at 1 July 2012	Exercised during the year	Adjusted during the year <i>note 2</i>	Lapsed during the year		
Dr Cheng Kar-shun, Henry	19 March 2012	1	10,001,320	—	13,636	—	10,014,956	9.756
Mr Cheng Kar-shing, Peter	19 March 2012	1	500,066	—	681	—	500,747	9.756
Mr Cheng Chi-kong, Adrian	19 March 2012	1	3,500,462	—	4,772	—	3,505,234	9.756
Ms Cheng Chi-man, Sonia	19 March 2012	1	3,000,396	—	4,090	—	3,004,486	9.756
Mr Fong Shing-kwong, Michael	19 March 2012	1	2,500,330	(747,000)	2,572	—	1,755,902	9.756
Mr Lee Luen-wai, John	19 March 2012	1	500,066	—	681	—	500,747	9.756
Total			20,002,640	(747,000)	26,432	—	19,282,072	

Notes:

1. Divided into 4 tranches, exercisable from 19 March 2012, 19 March 2013, 19 March 2014 and 19 March 2015, respectively to 18 March 2016.
2. NWD declared final dividend for the year ended 30 June 2012 in scrip form (with cash option) and interim dividend for the year ending 30 June 2013 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\$9.769 to HK\$9.764 on 31 December 2012, and further to HK\$9.756 on 22 May 2013.
3. The cash consideration paid by each of the directors for grant of the share options is HK\$10.

(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 were as follows:

Name of director	Date of grant	Exercisable period <i>note</i>	Number of share options		Exercise price per share HK\$	
			Balance as at 1 July 2012	Exercised during the year		Balance as at 30 June 2013
Dr Cheng Kar-shun, Henry	21 August 2007	1	1,832,309	(1,832,309)	—	10.609
		2	2,748,464	(2,748,464)	—	10.609
Dr Cheng Wai-chee, Christopher	21 August 2007	1	366,458	(366,458)	—	10.609
		2	549,693	(549,693)	—	10.609
Total			5,496,924	(5,496,924)	—	

Notes:

1. Exercisable from 21 August 2008 to 20 August 2012.
2. Divided into 3 tranches, exercisable from 21 August 2009, 21 August 2010 and 21 August 2011, respectively to 20 August 2012.
3. 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)*

(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 were as follows:

Name of director	Date of grant	Exercisable period <i>note</i>	Number of share options		Exercise price per share HK\$	
			Balance as at 1 July 2012	Exercised during the year		
Dr Cheng Kar-shun, Henry	27 November 2007	1	1,000,000	—	1,000,000	8.660
Mr Cheng Chi-kong, Adrian	27 November 2007	1	500,000	—	500,000	8.660
Ms Ngan Man-ying, Lynda	27 November 2007	1	500,000	—	500,000	8.660
Total			2,000,000	—	2,000,000	

Notes:

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

(C) Long position in debentures

(1) The Company

The following directors have interests in the debentures issued by the Company. Details of the debentures of the Company held by them as at 30 June 2013 were as follows:

Name of director	Amount of debentures in CNY issued by the Company				Percentage to the total debentures in issue as at 30 June 2013
	Personal interests	Family interests	Corporate interests <i>note</i>	Total	
Mr Doo Wai-hoi, William	—	129,000,000	387,230,000 ¹	516,230,000	7.07
Mr Cheng Kar-shing, Peter	—	—	10,000,000 ²	10,000,000	0.14
Mr Cheng Chi-him, Conrad	6,000,000	—	—	6,000,000	0.08
Mr Fong Shing-kwong, Michael	5,800,000	—	—	5,800,000	0.08
Total	11,800,000	129,000,000	397,230,000	538,030,000	

Notes:

1 These debentures are held by companies wholly-owned by Mr Doo Wai-hoi, William.

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

(2) Fita International Limited

The following directors have interest in the debentures issued by Fita International Limited ("Fita"), a wholly-owned subsidiary of NWD. Details of the debentures of Fita held by them as at 30 June 2013 were as follows:

Name of director	Amount of debentures in USD issued by Fita				Percentage to the total debentures in issue as at 30 June 2013
	Personal interests	Family interests	Corporate interests <i>note</i>	Total	
Mr Doo Wai-hoi, William	—	2,900,000	1,240,000	4,140,000	0.55
Mr Lee Luen-wai, John	1,000,000	1,000,000	—	2,000,000	0.27
Total	1,000,000	3,900,000	1,240,000	6,140,000	

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

REPORT OF THE DIRECTORS

Directors' Interests in Securities *(Continued)*

(C) Long position in debentures *(Continued)*

(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 30 June 2013 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 30 June 2013
	Personal interests	Family interests	Corporate interests <i>note</i>		
Mr Doo Wai-hoi, William	—	51,500,000	22,840,000	74,340,000	14.87

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

Save as disclosed above, as at 30 June 2013, 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
	Silver Success Company Limited group of companies	Hotel operation in Shanghai	Shareholder and Director
	Fung Seng Enterprises (Holdings) Limited group of companies	Property investment in Shanghai	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

* Resigned on 1 July 2013

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 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
	Ceneric (Holdings) 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 28 December 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 30 June 2013, 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 30 June 2013
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTF") <i>note 1</i>	—	6,092,601,173	6,092,601,173	70.32
Cheng Yu Tung Family (Holdings II) Limited ("CYTF II") <i>note 1</i>	—	6,092,601,173	6,092,601,173	70.32
Chow Tai Fook Capital Limited ("CTFC") <i>note 1</i>	—	6,092,601,173	6,092,601,173	70.32
Chow Tai Fook (Holding) Limited ("CTFH") <i>note 1</i>	—	6,092,601,173	6,092,601,173	70.32
Chow Tai Fook Enterprises Limited ("CTF") <i>note 2</i>	—	6,092,601,173	6,092,601,173	70.32
New World Development Company Limited ("NWD") <i>note 3</i>	5,721,977,644	370,623,529	6,092,601,173	70.32

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 60.90% owned subsidiary, and 93,073,738 shares held by High Earnings Holdings Limited, its 61.10% owned subsidiary.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30 June 2013.

REPORT OF THE DIRECTORS

Share Option Scheme

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

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 became unconditional on 8 April 2005, 16 November 2009 and 22 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 17,971,300 shares under the 2011 Share Option Scheme up to the date of this report. The Company may further grant share options to subscribe for 558,966,991 shares of the Company, representing approximately 6.45% 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 five years commencing on the expiry of one month after the date on which the option is accepted and expiring on a date not later than the last day of the five-year period
The minimum period for which an option must be held before it can be exercised	one 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	<p>The exercise price shall be determined by the directors, being at least the higher of:</p> <ul style="list-style-type: none"> (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 five 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 which was adopted on 26 November 2002 expired on 26 November 2012. The 2011 Share Option Scheme which was adopted on 22 November 2011 will expire on 22 November 2021.

REPORT OF THE DIRECTORS

Share Option Scheme (Continued)

During the year ended 30 June 2013, 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 were as follows:

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

Date of grant	Number of share options <i>note 1</i>				Balance as at 30 June 2013	Exercise price per share HK\$
	Balance as at 1 July 2012	Exercised during the year <i>note 4</i>	Re-classified during the year <i>note 5</i>	Lapsed during the year		
14 June to 11 July 2007	1,156,968	—	—	(1,156,968)	—	5.769
17 October to 13 November 2007	976,002	—	—	(976,002)	—	6.939
28 December 2007 to 24 January 2008	858,305	—	—	(858,305)	—	5.994
22 April to 19 May 2008	480,557	—	—	(480,557)	—	4.523
31 July to 27 August 2008	222,369	(154,000)	—	—	68,369	3.148
12 November to 9 December 2008	452,933	(312,000)	—	—	140,933	1.447
2 December to 29 December 2008	3,528,355 ²	(3,525,097)	—	(3,258)	—	1.290
2 December to 29 December 2008	533,668	(463,155)	—	(11,443)	59,070	1.290
3 February to 2 March 2009	335,532	(169,682)	—	—	165,850	1.703
26 June to 23 July 2009	3,130,605	—	—	—	3,130,605	3.913
19 November to 16 December 2009	2,306,493	(310,000)	—	—	1,996,493	2.953
12 January to 2 February 2010	3,840,914	(838,000)	—	(253,589)	2,749,325	2.878
18 May to 14 June 2010	487,750	(160,000)	—	—	327,750	2.262
31 May to 25 June 2010	820,597	(344,000)	—	—	476,597	2.349
10 November to 7 December 2010	3,768,103	(773,693)	—	(665,605)	2,328,805	3.013
18 January to 14 February 2011	5,682,908	(40,000)	519,481	—	6,162,389	3.036
3 May to 30 May 2011	1,400,935	(380,550)	—	(151,855)	868,530	2.753
26 July to 22 August 2011	1,633,662	(186,000)	—	—	1,447,662	2.705
Total	31,616,656	(7,656,177)	519,481	(4,557,582)	19,922,378	

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

Date of grant	Number of share options <i>note 1</i>				Balance as at 30 June 2013	Exercise price per share HK\$
	Balance as at 1 July 2012	Granted during the year <i>note 3</i>	Exercised during the year <i>note 4</i>	Lapsed during the year		
3 May to 30 May 2012	8,098,600	—	(735,920)	(116,000)	7,246,680	2.450
22 October to 16 November 2012	—	722,000	—	—	722,000	3.370
7 January to 1 February 2013	—	5,446,700	—	(68,000)	5,378,700	3.880
2 April to 29 April 2013	—	2,200,000	(44,000)	—	2,156,000	3.350
24 June to 25 June 2013	—	1,390,000	—	—	1,390,000	2.762
Total	8,098,600	9,758,700	(779,920)	(184,000)	16,893,380	

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 22 October 2012, 7 January 2013, 2 April 2013 and 24 June 2013, the dates of offer to grant, were HK\$3.330, HK\$3.790, HK\$3.320 and HK\$2.670, respectively.
4. 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 were HK\$3.630 and HK\$3.591, respectively.
5. As disclosed under the section headed "Directors' interests in securities", the interests of one former director of the Company in the share options were re-classified upon his resignation on 28 December 2012.

The fair values of the share options granted during the year with exercise prices per share of HK\$3.370, HK\$3.880, HK\$3.350 and HK\$2.762 are estimated at HK\$1.248, HK\$1.488, HK\$1.269 and HK\$1.010, respectively using the Binomial pricing model. Values are estimated based on the risk-free rate ranging from 0.34% to 1.27% per annum with reference to the rate prevailing on the Exchange Fund Notes, a 1.27-year period historical volatility ranging from 52.93% to 54.70%, assuming dividend yield ranging from 2.03% to 2.63% and an expected option life of five years.

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

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

On 28 December 2007, Superb Wealthy Group Limited ("Superb Wealthy"), a wholly-owned subsidiary, was granted five-year term/revolving loan facilities of HK\$700,000,000 which were re-financed by a three-year loan facility of HK\$630,000,000 on 19 December 2012. Superb Wealthy was also granted a four-year loan facility of HK\$250,000,000 on 29 October 2009. It was further granted loan facilities of HK\$100,000,000, HK\$500,000,000 and HK\$700,000,000 on 19 April 2010, 28 May 2010 and 5 July 2010, respectively and loan facilities of HK\$400,000,000, HK\$700,000,000 (revised to HK\$400,000,000 in August 2012) and HK\$100,000,000 for a term of three to five years on 16 August 2011, 28 September 2011 and 21 October 2011, respectively. It was further granted loan facilities of HK\$200,000,000, HK\$450,000,000, HK\$500,000,000, HK\$400,000,000, HK\$600,000,000 and HK\$500,000,000 for a term of two to four years on 4 January 2012, 7 May 2012, 30 July 2012, 22 February 2013, 19 April 2013 and 24 May 2013, respectively.

On 30 October 2007, New World China Finance (BVI) Limited ("NWCF"), a wholly-owned subsidiary, was granted a five-year term loan facility of HK\$2,700,000,000. It was further granted a three-year term loan facility of HK\$200,000,000 on 11 April 2011 and additional facilities in an aggregate principal amount of HK\$1,200,000,000 and USD38,560,500 with a tenor of three years on 19 June 2012. New World Development (China) Limited ("NWDC"), a wholly-owned subsidiary, also obtained a three-year term loan facility of HK\$500,000,000 on 9 July 2012 with a tenor of three years. On 24 September 2012, Spread Glory Investment Limited ("Spread Glory"), a wholly-owned subsidiary, was granted a three-year loan facility of HK\$600,000,000. The facilities obtained by Superb Wealthy, NWCF, NWDC and Spread Glory will be utilised to finance the investment in property projects, repay borrowings and fund the general working capital requirement of the Company and its subsidiaries. On 25 July 2011, New World Hotel Management (BVI) Limited, a wholly-owned subsidiary, was granted a five-year term loan facility of HK\$1,000,000,000 to finance part of the consideration for acquiring a hotel management group.

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

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.

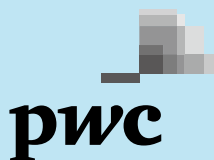
On behalf of the Board

Dr Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 25 September 2013

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 146 to 238, which comprise the consolidated and company statements of financial position as at 30 June 2013, 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.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

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 30 June 2013, 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, 25 September 2013

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2013

	Note	2013 HK\$'000	2012 HK\$'000
Revenues	6	16,153,872	12,528,755
Cost of sales		(9,395,433)	(6,887,239)
Gross profit		6,758,439	5,641,516
Other income	7	1,031,293	772,288
Other gains, net	8	840,955	249,186
Changes in fair value of investment properties	17	623,795	1,025,791
Selling expenses		(550,200)	(420,724)
Administrative and other operating expenses		(1,347,765)	(1,256,521)
Operating profit before finance costs	9	7,356,517	6,011,536
Finance costs	10	(414,256)	(292,503)
Share of results of			
Associated companies		46,264	16,844
Jointly controlled entities		918,372	356,327
Profit before taxation		7,906,897	6,092,204
Taxation charge	13	(3,051,541)	(2,812,704)
Profit for the year		4,855,356	3,279,500
Attributable to:			
Equity holders of the Company		4,616,314	3,080,929
Non-controlling interests		239,042	198,571
		4,855,356	3,279,500
Earnings per share	14		
Basic		53.32 cents	42.04 cents
Diluted		53.29 cents	41.72 cents
Dividends	15	606,589	605,409

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

	2013 HK\$'000	2012 HK\$'000
Profit for the year	4,855,356	3,279,500
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Translation differences	1,435,731	207,509
Share of other comprehensive income of jointly controlled entities	127,271	35,180
Share of other comprehensive income of associated companies	(1,284)	(594)
Realisation of translation differences upon disposal of a subsidiary	—	(12,291)
Other comprehensive income for the year	1,561,718	229,804
Total comprehensive income for the year	6,417,074	3,509,304
Total comprehensive income attributable to:		
Equity holders of the Company	6,160,788	3,306,889
Non-controlling interests	256,286	202,415
	6,417,074	3,509,304

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	2013 HK\$'000	2012 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	3,430,117	2,660,411
Investment properties	17	19,928,241	17,165,024
Land use rights	18	621,096	679,009
Intangible assets	19	1,940,241	1,925,141
Properties held for development	21	17,350,847	15,864,552
Associated companies	22	428,574	429,774
Jointly controlled entities	23	12,486,369	11,072,950
Available-for-sale financial assets	24	108,457	108,457
		56,293,942	49,905,318
Current assets			
Properties under development	26	20,449,013	17,951,504
Completed properties held for sale	27	7,093,274	5,060,918
Hotel inventories, at cost		4,551	4,181
Prepayments, debtors and other receivables	28	13,817,090	11,339,135
Amounts due from related companies	29	851,225	604,929
Cash and bank balances, unrestricted	25	19,337,202	13,257,612
		61,552,355	48,218,279
Total assets		117,846,297	98,123,597
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	30	866,360	864,979
Reserves	31	53,135,700	47,540,960
Proposed final dividend	31	346,686	346,034
		54,348,746	48,751,973
Non-controlling interests		3,354,883	2,973,143
Total equity		57,703,629	51,725,116

	Note	2013 HK\$'000	2012 HK\$'000
LIABILITIES			
Non-current liabilities			
Long term borrowings	32	30,957,581	22,919,267
Deferred tax liabilities	33	2,839,705	2,460,377
		33,797,286	25,379,644
Current liabilities			
Creditors and accruals	34	6,819,852	5,883,221
Deposits received on sale of properties		9,041,851	5,161,655
Amounts due to related companies	29	838,710	1,345,767
Short term loans	35	543,038	270,699
Current portion of long term borrowings	32	5,501,711	5,267,457
Amounts due to non-controlling interests	36	103,192	101,916
Taxes payable	37	3,497,028	2,988,122
		26,345,382	21,018,837
Total liabilities		60,142,668	46,398,481
Total equity and liabilities		117,846,297	98,123,597
Net current assets		35,206,973	27,199,442
Total assets less current liabilities		91,500,915	77,104,760

Dr Cheng Kar-shun, Henry

Director

Mr Cheng Kar-shing, Peter

Director

STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	2013 HK\$'000	2012 HK\$'000
ASSETS			
Non-current asset			
Subsidiaries	20	38,098,364	34,205,811
Current assets			
Prepayments, deposits and other receivables	28	16,820	34,189
Amounts due from related companies	29	694,864	585,231
Cash and bank balances, unrestricted	25	8,317,940	6,724,281
		9,029,624	7,343,701
Total assets		47,127,988	41,549,512
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	30	866,360	864,979
Reserves	31	27,374,946	27,451,828
Proposed final dividend	31	346,686	346,034
Total equity		28,587,992	28,662,841
LIABILITIES			
Non-current liability			
Long term borrowings	32	17,802,429	12,495,891
Current liabilities			
Creditors and accruals	34	191,684	108,601
Amounts due to related companies	29	3,000	3,000
Current portion of long term borrowings	32	496,227	250,000
Taxes payable	37	46,656	29,179
		737,567	390,780
Total liabilities		18,539,996	12,886,671
Total equity and liabilities		47,127,988	41,549,512
Net current assets		8,292,057	6,952,921
Total assets less current liabilities		46,390,421	41,158,732

Dr Cheng Kar-shun, Henry

Director

Mr Cheng Kar-shing, Peter

Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2013

	Note	2013 HK\$'000	2012 HK\$'000
Operating activities			
Net cash generated from/(used in) operations	40(a)	3,510,452	(2,332,929)
Tax paid		(2,644,457)	(2,097,105)
Net cash from/(used in) operating activities		865,995	(4,430,034)
Investing activities			
Interest received		267,560	100,780
Additions to property, plant and equipment, land use rights and investment properties		(1,630,088)	(1,078,304)
Increase in investments in jointly controlled entities		(1,047,460)	(1,287,215)
Decrease in investments in jointly controlled entities		306,737	386,601
Increase in investments in associated companies		(7)	(48)
Decrease in investments in associated companies		46,187	—
Acquisition of subsidiaries	40(b)	(6,960)	(1,950,234)
Additions to available-for-sale financial assets		—	(26,785)
Dividend income from an available-for-sale financial asset		—	1,854
Disposal of a subsidiary	40(d)	—	45,346
Disposal of property, plant and equipment, land use rights and investment properties		441,306	142,611
Net cash used in investing activities		(1,622,725)	(3,665,394)
Financing activities			
Interest paid		(999,259)	(761,526)
Increase in long term borrowings		10,853,750	11,632,788
Repayment of long term borrowings		(3,269,640)	(4,118,159)
Capital contribution from non-controlling interests		224,522	577,367
Issue of shares		24,835	4,265,343
Increase/(decrease) in short term loans		265,823	(102,683)
Redemption of convertible bonds		—	(401,462)
Dividends paid		(606,289)	(489,879)
Decrease in restricted bank balances		—	10,355
Net cash from financing activities		6,493,742	10,612,144
Net increase in cash and cash equivalents		5,737,012	2,516,716
Cash and cash equivalents at beginning of the year		13,257,612	10,640,373
Exchange differences on cash and cash equivalents		342,578	100,523
Cash and cash equivalents at end of the year		19,337,202	13,257,612
Analysis of cash and cash equivalents			
Unrestricted cash and bank balances	25	19,337,202	13,257,612

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

	Attributable to equity holders of the Company			Non- controlling interests	Total equity
	Share capital HK\$'000	Reserves HK\$'000	Shareholders' funds HK\$'000	HK\$'000	HK\$'000
Balance at 1 July 2012	864,979	47,886,994	48,751,973	2,973,143	51,725,116
Translation differences	—	1,418,487	1,418,487	17,244	1,435,731
Share of other comprehensive income of jointly controlled entities	—	127,271	127,271	—	127,271
Share of other comprehensive income of associated companies	—	(1,284)	(1,284)	—	(1,284)
Other comprehensive income for the year	—	1,544,474	1,544,474	17,244	1,561,718
Profit for the year	—	4,616,314	4,616,314	239,042	4,855,356
Total comprehensive income for the year	—	6,160,788	6,160,788	256,286	6,417,074
Transactions with owners					
Contribution by and distribution to owners					
Issue of shares	1,381	23,454	24,835	—	24,835
Capital contribution from non-controlling interests	—	—	—	128,687	128,687
Share-based payments	—	14,206	14,206	—	14,206
Dividends paid	—	(606,289)	(606,289)	—	(606,289)
	1,381	(568,629)	(567,248)	128,687	(438,561)
Change in ownership interests in a subsidiary					
Acquisition of additional interests in a subsidiary	—	3,233	3,233	(3,233)	—
Total transactions with owners	1,381	(565,396)	(564,015)	125,454	(438,561)
Balance at 30 June 2013	866,360	53,482,386	54,348,746	3,354,883	57,703,629

	Attributable to equity holders of the Company			Non- controlling interests	Total equity
	Share capital HK\$'000	Reserves HK\$'000	Shareholders' funds HK\$'000	HK\$'000	HK\$'000
Balance at 1 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					
Issues 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 30 June 2012	864,979	47,886,994	48,751,973	2,973,143	51,725,116

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 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, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business in Hong Kong is 9/F., New World Tower 1, 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 25 September 2013.

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 have been measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 5 below.

(a) Adoption of amendment to standard

The Group has adopted the following amendment to standard which is relevant to the Group’s operations and is mandatory for the financial year ended 30 June 2013:

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
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The adoption of this amendment to standard affects the presentation only and does not have any effect on the results and financial position of the Group.

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

The following new or revised standards, amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 January 2013 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2014

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

Effective for the year ending 30 June 2015 or after

HKFRS 9	Financial Instruments
HKFRS 7 and HKFRS 9 (Amendments)	Financial Instruments: Disclosures — Mandatory Effective Date of HKFRS 9 and Transition Disclosures
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011)	Investment Entities
HKAS 32 (Amendment)	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC)-Int 21	Levies

The Group has already commenced an assessment of the impact of these new or revised standards, amendments to standards and interpretations, 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 30 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.

NOTES TO THE FINANCIAL STATEMENTS

3. Principal Accounting Policies *(Continued)*

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

3. Principal Accounting Policies *(Continued)*

(f) Property, plant and equipment *(Continued)*

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

3. Principal Accounting Policies *(Continued)*

(h) Investments *(Continued)*

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.

(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) Contracts in progress

Contracts in progress comprise contract cost incurred, plus recognised profits (less recognised losses) less progress billing. Cost comprises materials, direct labour and overheads attributable to bringing the work in progress to its present condition.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the “percentage-of-completion method” to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

(n) 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.

(o) 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.

(p) 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.

NOTES TO THE FINANCIAL STATEMENTS

3. Principal Accounting Policies *(Continued)*

(q) 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.

(r) 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.

(s) 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.

(t) 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.

(u) 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(v), 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.

NOTES TO THE FINANCIAL STATEMENTS

3. Principal Accounting Policies *(Continued)*

(v) 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.

(w) 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.

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.

(x) 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 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.

NOTES TO THE FINANCIAL STATEMENTS

3. Principal Accounting Policies *(Continued)*

(x) Employee benefits *(Continued)*

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

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.

(y) Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Renminbi. The consolidated financial statements are presented in Hong Kong dollar 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.

(z) 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.

NOTES TO THE FINANCIAL STATEMENTS

3. Principal Accounting Policies *(Continued)*

(aa) 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 from properties leased out under an operating lease 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) Construction income

Revenue from construction service contracts is recognised using the percentage of completion method when the contracts have progressed to a stage where an outcome can be estimated reliably. Revenue from construction service contracts is measured by reference to the proportion of costs incurred for work performed to the end of the reporting period as compared to the estimated total costs to completion. Anticipated losses on contracts are fully provided when it is probable that total contract costs will exceed total contract revenue. When the outcome of construction service contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

(x) Trademark fee income

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

(xi) Dividend income

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

(ab) 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/directors.

(ac) 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

At 30 June 2013, the Group's entities with functional currency of Renminbi had net monetary liabilities denominated in Hong Kong dollar of HK\$12,108,002,000 (2012: HK\$10,494,574,000) and net monetary assets denominated in United States dollar of HK\$2,753,179,000 (2012: HK\$4,947,197,000) respectively. 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\$467,741,000 (2012: HK\$277,369,000) 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 30 June 2013 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\$26,450,000 higher/lower (2012: HK\$1,092,000 higher/lower). 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 bank, prepayment, 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 prepayments 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.

NOTES TO THE FINANCIAL STATEMENTS

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

(b) Credit risk *(Continued)*

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 30 June 2013, no provision has been made in the financial statements (2012: 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 30 June 2013, the Group's unutilised committed bank loan facilities amounted to HK\$3,424 million (2012: HK\$4,936 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.

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 30 June 2013					
Creditors and accruals	6,819,852	6,598,601	5,744,956	802,566	51,079
Amounts due to jointly controlled entities	771,577	771,577	771,577	—	—
Amounts due to group companies	63,111	63,111	63,111	—	—
Amounts due to companies owned by a director	4,022	4,022	4,022	—	—
Amounts due to non-controlling interests	103,192	103,192	103,192	—	—
Short term loans	543,038	564,998	564,998	—	—
Long term borrowings	36,459,292	42,311,929	7,098,711	31,617,218	3,596,000
At 30 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

NOTES TO THE FINANCIAL STATEMENTS

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

(c) Liquidity risk *(Continued)*

Company

	Carrying amount HK\$'000	Total contractual undiscouted cashflow HK\$'000	Within 1 year HK\$'000	Over 1 year but within 5 years HK\$'000	After 5 years HK\$'000
At 30 June 2013					
Creditors and accruals	191,684	191,684	191,684	—	—
Amounts due to group companies	3,000	3,000	3,000	—	—
Long term borrowings	18,298,656	20,561,133	1,175,600	15,229,249	4,156,284
At 30 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

(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.

The gearing ratios at 30 June 2013 and 2012 were as follows:

	2013 HK\$'000	2012 HK\$'000
Consolidated total borrowings	37,002,330	28,457,423
Less: cash and bank balances	(19,337,202)	(13,257,612)
Consolidated net debt	17,665,128	15,199,811
Total equity	57,703,629	51,725,116
Gearing ratio	30.6%	29.4%

The increase in gearing ratio at 30 June 2013 was primarily due to increase in net debt for funding the capital expenditure for investment properties under development and 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 30 June 2013 and 30 June 2012.

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 as at 30 June 2013 and 30 June 2012.

NOTES TO THE FINANCIAL STATEMENTS

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

(e) Fair value estimation *(Continued)*

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 30 June 2013 and 2012:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2013				
Unlisted investment classified as available-for-sale financial assets	—	—	108,457	108,457
At 30 June 2012				
Unlisted investment classified as available-for-sale financial assets	—	—	108,457	108,457

The following table presents the changes in level 3 instruments for the year ended 30 June 2013 and 2012:

	Available-for-sale financial assets	
	2013 HK\$'000	2012 HK\$'000
At beginning of the year	108,457	58,362
Translation differences	—	(40)
Additions	—	26,785
Acquisition of a subsidiary	—	23,350
At end of the year	108,457	108,457

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 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 fair 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.

NOTES TO THE FINANCIAL STATEMENTS

5. Critical Accounting Estimates and Judgements *(Continued)*

(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.

(g) Recoverability of prepayments, debtors and other receivable

The Group assesses whether there is objective evidence as stated in note 3(n) 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.

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, hotel management services fee income and contracting services income.

	2013 HK\$'000	2012 HK\$'000
Sale of properties	14,168,228	9,887,886
Income from land preparatory work	—	723,795
Rental income	720,392	693,369
Income from hotel operation	334,867	364,512
Property management services fee income	339,687	285,246
Project management fee income	64,301	105,014
Hotel management services fee income	471,305	468,933
Contracting services income	55,092	—
	16,153,872	12,528,755

NOTES TO THE FINANCIAL STATEMENTS

6. Revenues and Segment Information *(Continued)*

- (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 operations and hotel management services operations. Other operations include contracting services and ancillary services in property projects.

In prior years, 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. With effect from the financial year commencing on 1 July 2012, the management considers AOP before finance costs and after taxation charge is a more relevant performance measurement basis to be used in the Group's internal financial and management reporting that is reviewed by the executive committee. Information for the year ended 30 June 2012 that is presented for comparative purposes has been restated accordingly. This measurement basis excludes the effects of changes in fair value of investment properties, gains and losses from changes in group structure, net foreign exchange gains, amortisation of intangible assets acquired from business combinations, income and expenses at corporate office and deferred tax (charge)/credit on undistributed profits. Interest income is included in the result of each operating segment that is reviewed by the executive committee.

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

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

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

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

- (c) For the year ended 30 June 2012 and 30 June 2013, there was no revenue derived from a single external customer exceeding 10% of total revenue.

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

	2013 HK\$'000	2012 HK\$'000
(i) Revenues		
Total segment revenues	19,510,781	13,676,113
Less:		
Revenues of associated companies and jointly controlled entities, attributable to the Group	(3,356,909)	(1,147,358)
Revenues as presented in consolidated income statement	16,153,872	12,528,755
(ii) Profit before taxation		
AOP before finance costs and after taxation charge	4,038,209	2,512,575
Bank and other interest income — corporate	70,052	25,311
Deferred tax (charge)/credit on undistributed profits	(148,081)	3,385
Corporate administrative expenses	(236,331)	(222,136)
Finance costs	(397,589)	(287,362)
AOP after corporate items	3,326,260	2,031,773
Changes in fair value of investment properties, net of deferred taxation	819,778	938,177
Net foreign exchange gains	522,812	159,137
Amortisation of intangible assets	(52,536)	(48,158)
	1,290,054	1,049,156
Profit attributable to equity holders of the Company	4,616,314	3,080,929
Taxation charge	3,051,541	2,812,704
Profit attributable to non-controlling interests	239,042	198,571
Profit before taxation	7,906,897	6,092,204

NOTES TO THE FINANCIAL STATEMENTS

7. Other Income

	2013 HK\$'000	2012 HK\$'000
Tax indemnity from the ultimate holding company (note 13)	617,208	503,477
Bank and other interest income	264,806	106,969
Interest income from jointly controlled entities, net of withholding tax (note)	128,102	80,319
Trademark fee income from jointly controlled entities	21,177	79,669
Dividend income from an available-for-sale financial asset	—	1,854
	1,031,293	772,288

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:

	2013 HK\$'000	2012 HK\$'000
Share of shareholders' loan interest expenses of jointly controlled entities	(100,577)	(66,498)

8. Other Gains, Net

	2013 HK\$'000	2012 HK\$'000
Net foreign exchange gains	535,766	157,954
Gain on disposal of property, plant and equipment and land use rights	309,407	—
(Loss)/gain on disposal of investment properties	(4,218)	53,640
Gain on disposal of a subsidiary	—	37,592
	840,955	249,186

9. Operating Profit before Finance Costs

	2013 HK\$'000	2012 HK\$'000
Operating profit before finance costs is arrived at after crediting:		
Gross rental income from investment properties	683,416	631,870
Gain on disposal of property, plant and equipment and land use rights	309,407	—
Gain on disposal of investment properties	—	53,640
and after charging:		
Cost of properties sold	8,035,776	5,023,921
Staff costs (note 11)	518,149	449,567
Depreciation of property, plant and equipment	185,021	192,616
Outgoings in respect of investment properties	279,762	287,622
Rental for leased premises	45,229	38,906
Loss on disposal/write off of property, plant and equipment	—	14,219
Loss on disposal of investment properties	4,218	—
Amortisation of land use rights	20,703	22,362
Amortisation of intangible assets	52,536	48,158
Auditors' remuneration	14,012	12,485

Contingent rent included in revenue amounted to HK\$34,005,000 (2012: HK\$16,203,000) for the year.

	2013 HK\$'000	2012 HK\$'000
The future minimum rental receivable under non-cancellable operating leases are as follows:		
Within one year	444,416	396,281
Between two and five years	810,277	643,131
Beyond five years	757,660	812,718
	2,012,353	1,852,130

Generally the Group's operating leases are for terms of two to five years except for 33 (2012: 28) long term leases which are beyond five years.

NOTES TO THE FINANCIAL STATEMENTS

10. Finance Costs

	2013 HK\$'000	2012 HK\$'000
Interest on bank borrowings		
— wholly repayable within five years	1,062,443	778,666
— not wholly repayable within five years	96,412	86,749
Interest on loans from fellow subsidiaries wholly repayable within five years	8,799	7,815
Interest on loans from non-controlling interests not wholly repayable within five years	1,808	10,581
Interest on fixed rate bonds wholly repayable within five years	541,896	96,809
Interest on short term loans	26,119	39,098
Interest on advances from participating interest	126,423	103,094
Interest on convertible bonds wholly repayable within five years	—	14,724
	1,863,900	1,137,536
Amounts capitalised in property, plant and equipment, investment properties and properties held for/under development	(1,449,644)	(845,033)
	414,256	292,503

Note: To the extent funds are borrowed generally and used for the purpose of financing certain property, plant and equipment, investment properties and properties held for/under development, the capitalisation rate used to determine the amounts of borrowing costs eligible for the capitalisation is 4.16% (2012: 1.70%) for the year.

11. Staff costs

	2013 HK\$'000	2012 HK\$'000
Wages, salaries and other benefits	494,889	426,790
Pension costs—defined contribution plans (note)	9,054	8,167
Share-based payments	14,206	14,610
	518,149	449,567

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 1 December 2000, the Group established a new MPF Scheme. Except for employees who commenced employment after 1 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 1 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\$9,054,000 (2012: HK\$8,167,000).

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 30 June 2013					
Dr Cheng Kar-shun, Henry	180	—	—	450	630
Mr Cheng Chi-kong, Adrian	180	2,298	148	337	2,963
Mr Doo Wai-hoi, William	120	—	—	180	300
Mr Cheng Kar-shing, Peter	180	—	—	180	360
Ms Cheng Chi-man, Sonia	180	3,840	155	9	4,184
Mr Cheng Chi-him, Conrad	180	1,364	59	—	1,603
Mr Chow Yu-chun, Alexander	60	—	—	112	172
Mr Fong Shing-kwong, Michael	180	1,838	78	113	2,209
Ms Ngan Man-ying, Lynda	180	6,552	507	225	7,464
Dr Cheng Wai-chee, Christopher	300	—	—	67	367
Hon Tien Pei-chun, James	260	—	—	67	327
Mr Lee Luen-wai, John	260	—	—	67	327
Mr Ip Yuk-keung, Albert	130	—	—	—	130
	2,390	15,892	947	1,807	21,036
For the year ended 30 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

- (ii) The five individuals whose emoluments were the highest in the Group for the year include one (2012: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2012: four) individuals during the year are as follows:

	2013 HK\$'000	2012 HK\$'000
Salaries, discretionary bonus, other allowances and other benefits in kind	23,028	21,464
Share option benefits	701	809
Contribution to retirement benefit scheme	1,190	990
	24,919	23,263

The emoluments fall within the following bands:

	Number of individuals	
	2013	2012
HK\$4,500,001—HK\$5,000,000	1	1
HK\$5,500,001—HK\$6,000,000	1	1
HK\$6,000,001—HK\$6,500,000	—	1
HK\$6,500,001—HK\$7,000,000	1	1
HK\$7,500,001—HK\$8,000,000	1	—
	4	4

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

	Number of individuals	
	2013	2012
HK\$1,000,001—HK\$1,500,000	1	2
HK\$1,500,001—HK\$2,000,000	1	2
HK\$2,000,001—HK\$2,500,000	5	2
HK\$2,500,001—HK\$3,000,000	2	1
HK\$4,000,001—HK\$4,500,000	1	1
HK\$4,500,001—HK\$5,000,000	1	1
HK\$5,500,001—HK\$6,000,000	1	1
HK\$6,500,001—HK\$7,000,000	1	1
	13	11

NOTES TO THE FINANCIAL STATEMENTS

13. Taxation Charge

	2013 HK\$'000	2012 HK\$'000
Current taxation		
PRC corporate income tax	1,301,213	769,077
PRC land appreciation tax	1,468,042	1,788,555
Deferred taxation	282,286	255,072
	3,051,541	2,812,704

Share of taxation of associated companies and jointly controlled entities for the year ended 30 June 2013 of HK\$4,204,000 (2012: HK\$6,080,000) and HK\$545,714,000 (2012: HK\$218,758,000) 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:

	2013 HK\$'000	2012 HK\$'000
Profit before taxation	7,906,897	6,092,204
Share of results of		
Associated companies	(46,264)	(16,844)
Jointly controlled entities	(918,372)	(356,327)
	6,942,261	5,719,033
Calculated at a taxation rate of 25% (2012: 25%)	1,735,565	1,429,758
Income not subject to taxation	(494,498)	(286,742)
Expenses not deductible for taxation purposes	430,433	229,138
Tax losses not recognised	128,641	114,628
Deduction from PRC land appreciation tax	(367,011)	(447,139)
Utilisation of previously unrecognised tax losses	(725)	(36,561)
Temporary differences not recognised	(4,749)	(13,306)
Recognition of temporary differences	4,282	29,321
Deferred taxation on undistributed profits	151,561	5,052
	1,583,499	1,024,149
PRC land appreciation tax	1,468,042	1,788,555
	3,051,541	2,812,704

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits in Hong Kong for the year (2012: 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% (2012: 25%). PRC land appreciation tax ("LAT") is provided at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

In July 1999, a deed of tax indemnity was entered into between 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 31 March 1999. During the year, tax indemnity amounting to HK\$617,208,000 (2012: HK\$503,477,000) 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:

	2013 HK\$'000	2012 HK\$'000
Profit attributable to equity holders of the Company	4,616,314	3,080,929

	Number of shares	
	2013	2012
Weighted average number of shares for calculating basic earnings per share	8,658,244,749	7,328,152,646
Effect of dilutive potential shares:		
Share options	3,703,319	4,070,275
Convertible bonds	—	52,802,526
Weighted average number of shares for calculating diluted earnings per share	8,661,948,068	7,385,025,447

NOTES TO THE FINANCIAL STATEMENTS

15. Dividends

	2013 HK\$'000	2012 HK\$'000
Interim dividend paid of HK\$0.03 (2012: HK\$0.03) per share	259,903	259,375
Final dividend proposed of HK\$0.04 (2012: HK\$0.04) per share	346,686	346,034
	606,589	605,409

At a meeting held on 25 September 2013, 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 30 June 2014.

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 1 July 2012	2,049,040	328,799	773,255	87,436	1,050,842	4,289,372
Translation differences	78,291	11,680	27,718	3,706	38,927	160,322
Acquisition of a subsidiary	—	—	5,770	—	—	5,770
Additions	—	8,038	41,754	9,167	792,119	851,078
Reclassifications	112,808	—	—	—	(112,808)	—
Transfer from properties under development	5,386	—	—	—	—	5,386
Disposals/write off	(124,854)	(2,422)	(189,841)	(12,475)	—	(329,592)
At 30 June 2013	2,120,671	346,095	658,656	87,834	1,769,080	4,982,336
Accumulated depreciation and impairment						
At 1 July 2012	668,328	312,725	590,446	57,462	—	1,628,961
Translation differences	26,909	11,478	22,609	1,825	—	62,821
Charge for the year	124,532	9,719	41,365	9,405	—	185,021
Disposals/write off	(124,200)	(2,422)	(187,989)	(9,973)	—	(324,584)
At 30 June 2013	695,569	331,500	466,431	58,719	—	1,552,219
Net book value						
At 30 June 2013	1,425,102	14,595	192,225	29,115	1,769,080	3,430,117

	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 1 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 30 June 2012	2,049,040	328,799	773,255	87,436	1,050,842	4,289,372
Accumulated depreciation and impairment						
At 1 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 30 June 2012	668,328	312,725	590,446	57,462	—	1,628,961
Net book value						
At 30 June 2012	1,380,712	16,074	182,809	29,974	1,050,842	2,660,411

As at 30 June 2013, certain other properties and furniture, fixtures and equipment with carrying amount of HK\$395,817,000 (2012: HK\$419,234,000) were pledged as securities for the Group's long term borrowings.

NOTES TO THE FINANCIAL STATEMENTS

17. Investment Properties

	Group	
	2013	2012
	HK\$'000	HK\$'000
Completed investment properties	16,771,879	14,801,975
Investment properties under development	3,156,362	2,363,049
	19,928,241	17,165,024

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

	2013	2012
	HK\$'000	HK\$'000
At valuation		
At beginning of the year	17,165,024	14,197,823
Additions	787,073	740,128
Transfer from properties under development	650,313	1,122,957
Transfer from completed properties held for sale	105,532	16,826
Translation differences	661,093	177,940
Disposals	(64,589)	(87,188)
Disposal of a subsidiary	—	(29,253)
Increase in fair value	623,795	1,025,791
At end of the year	19,928,241	17,165,024

The investment properties were revalued at 30 June 2013 on an open market value basis by Knight Frank Petty Limited, independent professional valuers, and are held in the PRC under the following leases:

	2013	2012
	HK\$'000	HK\$'000
Leases of over 50 years	964,082	848,897
Leases of between 10 to 50 years	18,964,159	16,316,127
Leases of below 10 years	—	—
	19,928,241	17,165,024

As at 30 June 2013, certain investment properties with carrying value of HK\$5,400,318,000 (2012: HK\$5,093,721,000) were pledged as securities for the Group's long term borrowings.

18. Land Use Rights

	Group	
	2013 HK\$'000	2012 HK\$'000
At beginning of the year	679,009	693,090
Translation differences	25,394	8,281
Disposals	(62,604)	—
Amortisation	(20,703)	(22,362)
At end of the year	621,096	679,009

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

	2013 HK\$'000	2012 HK\$'000
Leases of over 50 years	1,382	1,374
Leases of between 10 to 50 years	619,714	677,635
	621,096	679,009

As at 30 June 2013, land use rights with carrying amount of HK\$238,343,000 (2012: HK\$235,832,000) 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	Others HK\$'000	Total HK\$'000
At 30 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
Year ended 30 June 2013							
Opening net book value	346,638	614,865	408,443	35,349	519,846	—	1,925,141
Acquisition of a subsidiary	—	—	—	—	—	67,636	67,636
Amortisation	—	—	(21,403)	(3,892)	(27,241)	—	(52,536)
Closing net book value	346,638	614,865	387,040	31,457	492,605	67,636	1,940,241
At 30 June 2013							
Cost	559,227	614,865	428,063	38,916	544,817	67,636	2,253,524
Accumulated amortisation	—	—	(41,023)	(7,459)	(52,212)	—	(100,694)
Accumulated impairment	(212,589)	—	—	—	—	—	(212,589)
Net book value	346,638	614,865	387,040	31,457	492,605	67,636	1,940,241

Goodwill is allocated to the Group's cash generating units identified according to business segment. As at 30 June 2013, goodwill of HK\$14,227,000 (2012: HK\$14,227,000), HK\$9,167,000 (2012: HK\$9,167,000), and HK\$323,244,000 (2012: HK\$323,244,000) is allocated to the segments of property sales, hotel operation and hotel management services respectively. Other intangible assets with indefinite useful life allocated to the segment of hotel management services amounts to HK\$614,865,000 (2012: HK\$614,865,000). Amortisation of intangible assets of HK\$52,536,000 (2012: HK\$48,158,000) 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 3% to 4% (2012: 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 6.5% to 9.2% (2012: 6% to 7.5%).

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 6 years with average annual growth rate of 31% (2012: 31%) are determined by considering both internal and external factors relating to this segment and the hotel management contracts in the pipeline. A financial budget of 6 years reflects the medium term plan of management in expanding, the business in the existing and new markets. Cash flows beyond the six-year period are extrapolated using the long term growth rates of 3% (2012: 3%). Discount rate used also reflects specific risks relating to the relevant segment, which was 19.1% (2012: 16.5%).

20. Subsidiaries

	Company	
	2013 HK\$'000	2012 HK\$'000
Unlisted shares, at cost of HK\$4 (2012: HK\$4)	—	—
Amounts due by subsidiaries, net of provision	38,098,364	34,205,811
	38,098,364	34,205,811

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

Details of principal subsidiaries are given in note 42.

21. Properties Held for Development

	Group	
	2013 HK\$'000	2012 HK\$'000
Land use rights	8,189,595	8,855,964
Development and incidental costs	8,513,690	6,757,181
Interest capitalised	647,562	251,407
	17,350,847	15,864,552

NOTES TO THE FINANCIAL STATEMENTS

21. Properties Held for Development *(Continued)*

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	
	2013	2012
	HK\$'000	HK\$'000
Leases of over 50 years	6,703,236	7,089,637
Leases of between 10 to 50 years	1,486,359	1,766,327
	8,189,595	8,855,964

As at 30 June 2013, the aggregate carrying value of properties held for development pledged as securities for long term borrowings amounted to HK\$813,670,000 (2012: HK\$771,429,000).

22. Associated Companies

	Group	
	2013	2012
	HK\$'000	HK\$'000
Group's share of net assets/(liabilities)	42,141	(7,912)
Amounts due by associated companies, net of provision (note i)	386,433	437,686
	428,574	429,774

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:

	2013	2012
	HK\$'000	HK\$'000
Revenues	65,934	65,075
Profit for the year	46,264	16,844
Non-current assets	464,397	418,311
Current assets	40,947	30,817
Total assets	505,344	449,128
Non-current liabilities	(452,873)	(452,846)
Current liabilities	(10,330)	(4,194)
Total liabilities	(463,203)	(457,040)

- (iii) Details of principal associated companies are given in note 42.

23. Jointly Controlled Entities

	Group	
	2013	2012
	HK\$'000	HK\$'000
Equity joint ventures		
Group's share of net assets	8,948	24,660
Amounts due by jointly controlled entities		
Non-interest bearing (note i)	1,153,552	58,812
	1,162,500	83,472
Wholly foreign owned enterprises		
Group's share of net assets	2,282,505	1,812,493
Amounts due by jointly controlled entities		
Interest bearing (note ii)	—	49,029
Non-interest bearing (note i)	140,470	154,844
	2,422,975	2,016,366
Co-operative jointly ventures		
Cost of investments	3,979,039	3,978,951
Goodwill	12,704	12,704
Share of undistributed post-acquisition results and reserves	1,709,672	1,130,499
	5,701,415	5,122,154
Amounts due by jointly controlled entities, net of provision		
Interest bearing (note iii)	1,885,782	2,536,942
Non-interest bearing (note i)	536,288	539,556
	8,123,485	8,198,652
Companies limited by shares		
Group's share of net assets	282,903	317,214
Amounts due by jointly controlled entities, net of provision		
Interest bearing (note ii)	88,818	88,818
Non-interest bearing (note i)	405,688	368,428
	777,409	774,460
	12,486,369	11,072,950

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 at rates ranging from PRC bank rate to 10% (2012: 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 at rates ranging from Hong Kong prime rate to 10% (2012: 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:

	2013 HK\$'000	2012 HK\$'000
Revenues	3,290,975	1,082,283
Profit for the year	918,372	356,327
Non-current assets	13,560,891	11,791,977
Current assets	8,552,395	7,507,870
Total assets	22,113,286	19,299,847
Non-current liabilities	(7,818,359)	(7,300,513)
Current liabilities	(6,031,860)	(4,735,517)
Total liabilities	(13,850,219)	(12,036,030)

- (v) Details of principal jointly controlled entities are given in note 42.

24. Available-for-sale Financial Assets

	Group 2013 HK\$'000	2012 HK\$'000
Unlisted investments, at fair value	108,457	108,457

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

	2013 HK\$'000	2012 HK\$'000
United States dollar	23,310	23,310
Renminbi	85,147	85,147
	108,457	108,457

25. Cash and Bank Balances

	Group		Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Unrestricted balances	19,337,202	13,257,612	8,317,940	6,724,281

The effective interest rate on short term bank deposits ranges from 0.001% to 5.5% (2012: 0.005% to 2.8%). These deposits have maturity date ranging from 4 to 91 days (2012: 4 to 91 days).

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

	Group		Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Hong Kong dollar	2,821,666	2,142,616	2,541,688	1,813,564
Renminbi	13,330,746	5,810,835	3,670,380	396,093
United States dollar	3,179,301	5,297,729	2,105,872	4,514,624
Others	5,489	6,432	—	—
	19,337,202	13,257,612	8,317,940	6,724,281

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	
	2013 HK\$'000	2012 HK\$'000
Land use rights	4,264,057	4,121,011
Development and incidental costs	15,178,502	12,932,820
Interest capitalised	1,006,454	897,673
	20,449,013	17,951,504

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

	2013 HK\$'000	2012 HK\$'000
Leases of over 50 years	2,923,427	3,461,332
Leases of between 10 to 50 years	1,340,630	659,679
	4,264,057	4,121,011

Properties under development with an aggregate carrying value of HK\$4,315,781,000 (2012: HK\$4,807,135,000) were pledged as securities for the Group's long term borrowings.

	2013 HK\$'000	2012 HK\$'000
Properties under development for sale:		
Expected to be completed and available for sale after more than 12 months	10,595,002	12,743,400
Expected to be completed and available for sale within 12 months	9,854,011	5,208,104
	20,449,013	17,951,504

27. Completed Properties Held for Sale

	Group	
	2013 HK\$'000	2012 HK\$'000
Land use rights	848,425	637,377
Development costs	5,905,207	4,109,091
Interest capitalised	339,642	314,450
	7,093,274	5,060,918

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:

	2013 HK\$'000	2012 HK\$'000
Leases of over 50 years	805,745	627,072
Leases of between 10 to 50 years	42,680	10,305
	848,425	637,377

28. Prepayments, Debtors and Other Receivables

	Group		Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Trade debtors (note a)	1,951,395	1,614,575	—	—
Prepaid land preparatory cost (note b)	3,173,740	2,852,963	—	—
Deposits for purchase of land (note b)	5,476,893	4,264,279	—	—
Prepayment for proposed development projects (note b)	188,481	185,244	—	—
Prepaid taxes (note b)	1,623,684	1,048,519	—	—
Other prepayments, deposits and receivables (note b)	1,402,897	1,373,555	16,820	34,189
	13,817,090	11,339,135	16,820	34,189

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	
	2013 HK\$'000	2012 HK\$'000
0 to 30 days	553,584	851,533
31 to 60 days	195,830	120,811
61 to 90 days	106,625	56,752
Over 90 days	1,095,356	585,479
	1,951,395	1,614,575

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 30 June 2013, trade debtors of HK\$1,456,548,000 (2012: HK\$1,065,923,000) 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	
	2013 HK\$'000	2012 HK\$'000
0 to 30 days	594,819	343,807
31 to 60 days	110,016	119,864
61 to 90 days	92,602	84,296
Over 90 days	659,111	517,956
	1,456,548	1,065,923

- (d) During the year, impairment loss on trade debtors of HK\$13,960,000 (2012: HK\$8,751,000) 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	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Amounts due from group companies (note a)	801,238	604,929	694,825	585,231
Amounts due from jointly controlled entities (note b)	49,987	—	39	—
	851,225	604,929	694,864	585,231
Amounts due to group companies (note c)	(63,111)	(34,525)	(3,000)	(3,000)
Amounts due to jointly controlled entities (note d)	(771,577)	(1,301,396)	—	—
Amounts due to companies owned by a director (note e)	(4,022)	(9,846)	—	—
	(838,710)	(1,345,767)	(3,000)	(3,000)
	12,515	(740,838)	691,864	582,231

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	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Hong Kong dollar	708,910	596,801	694,825	585,231
Renminbi	92,328	8,128	—	—
	801,238	604,929	694,825	585,231

NOTES TO THE FINANCIAL STATEMENTS

29. Amounts Due from/(to) Related Companies (Continued)

Notes: (Continued)

(b) The following amounts due from jointly controlled entities are unsecured, interest free and repayable on demand.

The carrying amounts of amounts due from jointly controlled entities are denominated in the following currencies:

	Group		Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong dollar	—	—	39	—
United States dollar	19,677	—	—	—
	19,677	—	39	—

The following amount due from a jointly controlled entity is unsecured, carry interest at 10% (2012: Nil) per annum and repayable on demand.

The carrying amount of amount due from a jointly controlled entity is denominated in the following currency:

	Group		Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
United States dollar	30,310	—	—	—

(c) 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	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong dollar	—	—	(3,000)	(3,000)
Renminbi	(63,111)	(34,525)	—	—
	(63,111)	(34,525)	(3,000)	(3,000)

(d) 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.

(e) 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.

30. Share Capital

	Company	
	2013	2012
	HK\$'000	HK\$'000
Authorised:		
Shares of HK\$0.1 each		
At beginning of the year	3,000,000	800,000
Increase in authorised share capital (note i)	—	2,200,000
At end of the year	3,000,000	3,000,000
Issued and fully paid:		
8,663,596,817 [2012: 8,649,792,519] shares of HK\$0.1 each	866,360	864,979

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 1 July 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 30 June 2012	8,649,792,519	864,979
Exercise of share options (note iii)	13,804,298	1,381
At 30 June 2013	8,663,596,817	866,360

Notes:

- (i) Pursuant to an ordinary resolution passed on 22 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 30 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 existing shares.

NOTES TO THE FINANCIAL STATEMENTS

30. Share Capital (Continued)

Notes: (Continued)

(iii) Pursuant to the share option scheme adopted on 26 November 2002 ("2002 Share Option Scheme") and the share option scheme adopted on 22 November 2011 ("2011 Share Option Scheme"), the Company may grant options to directors and employees of the Company or its subsidiaries to subscribe for shares in the Company. The movements in the number of share options granted during the year and the balance outstanding at 30 June 2013 are as follows:

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

Date of offer to grant	Exercise price per share HK\$	Number of share options			Number of share options exercisable	
		At 1 July 2012	Exercised during the year	Lapsed during the year	At 30 June 2013	At 30 June 2013
14 June 2007	5.769 ¹	1,156,968	—	(1,156,968)	—	—
17 October 2007	6.939 ¹	976,002	—	(976,002)	—	—
28 December 2007	5.994 ¹	858,305	—	(858,305)	—	—
22 April 2008	4.523 ¹	480,557	—	(480,557)	—	—
31 July 2008	3.148 ¹	222,369	(154,000)	—	68,369	68,369
12 November 2008	1.447 ¹	452,933	(312,000)	—	140,933	140,933
2 December 2008	1.290 ²	8,274,414	(8,269,922)	(4,492)	—	—
2 December 2008	1.290 ¹	1,318,937	(463,155)	(11,443)	844,339	844,339
3 February 2009	1.703 ¹	335,532	(169,682)	—	165,850	165,850
26 June 2009	3.913 ¹	3,130,605	—	—	3,130,605	2,504,483
19 November 2009	2.953 ¹	2,306,493	(310,000)	—	1,996,493	1,535,193
12 January 2010	2.878 ¹	3,840,914	(838,000)	(253,589)	2,749,325	2,051,060
18 May 2010	2.262 ¹	487,750	(160,000)	—	327,750	204,404
31 May 2010	2.349 ¹	820,597	(344,000)	—	476,597	61,013
10 November 2010	3.013 ¹	3,768,103	(773,693)	(665,605)	2,328,805	1,262,083
18 January 2011	3.036 ¹	13,994,597	(663,376)	—	13,331,221	7,733,384
3 May 2011	2.753 ¹	1,400,935	(380,550)	(151,855)	868,530	409,393
26 July 2011	2.705 ¹	1,633,662	(186,000)	—	1,447,662	467,466
		45,459,673	(13,024,378)	(4,558,816)	27,876,479	17,447,970
Weighted average exercise price of each category (HK\$)		2.867	1.757	5.251	2.996	2.998

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

Date of offer to grant	Exercise price per share HK\$	Number of share options				Number of share options exercisable	
		At 1 July 2012	Granted during the year	Exercised during the year	Lapsed during the year	At 30 June 2013	At 30 June 2013
3 May 2012	2.450 ¹	8,098,600	—	(735,920)	(116,000)	7,246,680	2,438,520
22 October 2012	3.370 ¹	—	722,000	—	—	722,000	144,400
7 January 2013	3.880 ¹	—	5,446,700	—	(68,000)	5,378,700	1,075,740
2 April 2013	3.350 ¹	—	2,200,000	(44,000)	—	2,156,000	396,000
24 June 2013	2.762 ¹	—	1,390,000	—	—	1,390,000	—
		8,098,600	9,758,700	(779,920)	(184,000)	16,893,380	4,054,660
Weighted average exercise price of each category (HK\$)		2.450	3.564	2.501	2.979	3.085	2.950

Notes:

- (1) On dates of grant, the share options are divided into five tranches and exercisable within a period of five years commencing on the expiry of one month after the dates on which the options were accepted.
- (2) On dates of grant, the share options are divided into four tranches and exercisable within a period of four years commencing on the expiry of one month after the dates on which the options were accepted.
- (3) Fair value of options and assumptions

The fair value of options granted during the year determined using the Binomial Model was HK\$13,199,800 (2012: HK\$9,201,000). The significant inputs to the model was share price ranging from HK\$2.7 to HK\$3.88 (2012: HK\$2.45 to HK\$2.81) at the grant dates, exercise prices ranging from HK\$2.762 to HK\$3.88 (2012: HK\$2.45 to HK\$2.81), volatility of the share ranging from 52.93% to 54.70% (2012: 52.49% to 54.97%), expected life of options of 5 years (2012: 5 years), expected dividend yield ranging from 2.03% to 2.63% (2012: 1.91% to 2.57%), risk-free interest rate ranging from 0.34% to 1.27% (2012: 0.49% to 1.23%) and suboptimal exercise factor ranging from 1.88 to 1.93 times (2012: 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.

- (4) For the year ended 30 June 2013, the weighted average share price at the time of exercise was HK\$3.642 per share (2012: HK\$2.417 per share) and HK\$3.656 per share (2012: HK\$3.011) under the 2002 Share Option Scheme and 2011 Share Option Scheme respectively.

NOTES TO THE FINANCIAL STATEMENTS

31. Reserves

Group

	Contributed surplus HK\$'000	Share premium HK\$'000	Other reserve (note) HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1 July 2012	12,507,855	16,193,520	202,237	47,499	4,239,787	14,696,096	47,886,994
Profit for the year	—	—	—	—	—	4,616,314	4,616,314
Premium on issue of shares	—	23,454	—	—	—	—	23,454
Share-based payments	—	—	—	14,206	—	—	14,206
Transfer of reserve upon exercise and lapse of share options	—	7,673	—	(12,075)	—	4,402	—
Acquisition of additional interest in a subsidiary	—	—	—	—	—	3,233	3,233
Dividends paid	(606,289)	—	—	—	—	—	(606,289)
Translation differences							
Company and subsidiaries	—	—	—	—	1,418,487	—	1,418,487
Jointly controlled entities	—	—	—	—	127,271	—	127,271
Associated companies	—	—	—	—	(1,284)	—	(1,284)
As at 30 June 2013 before proposed final dividend	11,901,566	16,224,647	202,237	49,630	5,784,261	19,320,045	53,482,386
Representing:							
As at 30 June 2013 after proposed final dividend	11,554,880	16,224,647	202,237	49,630	5,784,261	19,320,045	53,135,700
2013 proposed final dividend	346,686	—	—	—	—	—	346,686
	11,901,566	16,224,647	202,237	49,630	5,784,261	19,320,045	53,482,386

	Contributed surplus HK\$'000	Share premium HK\$'000	Other reserve (note) HK\$'000	Share option reserve HK\$'000	Convertible bonds — equity component HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1 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								
Company and subsidiaries	—	—	—	—	616	203,049	—	203,665
Jointly controlled entities	—	—	—	—	—	35,180	—	35,180
Associated companies	—	—	—	—	—	(594)	—	(594)
As at 30 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 30 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

Note: Other reserve relates to fair value changes arising from business combinations.

NOTES TO THE FINANCIAL STATEMENTS

31. Reserves (Continued)

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 1 July 2012	12,528,016	16,193,520	5,841,193	47,499	(6,812,366)	27,797,862
Premium on issue of shares	—	23,454	—	—	—	23,454
Loss for the year	—	—	—	—	(744,082)	(744,082)
Share-based payments	—	—	—	14,206	—	14,206
Transfer of reserve upon exercise and lapse of share options	—	7,673	—	(12,075)	4,402	—
Translation difference	—	—	1,236,481	—	—	1,236,481
Dividend paid	(606,289)	—	—	—	—	(606,289)
As at 30 June 2013 before proposed final dividend	11,921,727	16,224,647	7,077,674	49,630	(7,552,046)	27,721,632
Representing:						
As at 30 June 2013 after proposed final dividend	11,575,041	16,224,647	7,077,674	49,630	(7,552,046)	27,374,946
2013 proposed final dividend	346,686	—	—	—	—	346,686
	11,921,727	16,224,647	7,077,674	49,630	(7,552,046)	27,721,632
As at 1 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 30 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 30 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

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 loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of the loss of HK\$744,082,000 (2012: profit of HK\$182,908,000).

32. Long Term Borrowings

	Group		Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Bank loans (note i)				
Secured	6,139,885	5,458,414	—	—
Unsecured	15,996,968	12,689,521	3,634,941	2,533,450
Loans from fellow subsidiaries (note ii)	2,629,273	2,620,473	—	—
Loans from non-controlling interests (note iii)	49,580	47,772	—	—
Advances from participating interest (note iv)	2,487,874	2,155,069	5,705,471	4,996,966
Fixed rate bonds (note v)	8,958,244	5,215,475	8,958,244	5,215,475
Other loans				
Secured	70,886	—	—	—
Unsecured	126,582	—	—	—
	36,459,292	28,186,724	18,298,656	12,745,891
Current portion included in current liabilities	(5,501,711)	(5,267,457)	(496,227)	(250,000)
	30,957,581	22,919,267	17,802,429	12,495,891

NOTES TO THE FINANCIAL STATEMENTS

32. Long Term Borrowings (Continued)

Notes:

(i) The bank loans are repayable as follows:

	Secured		Group Unsecured		Total		Company Unsecured	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Within one year	1,075,295	656,077	4,376,836	4,611,380	5,452,131	5,267,457	496,227	250,000
Between one and two years	1,932,329	1,275,556	5,107,167	2,358,486	7,039,496	3,634,042	1,490,780	493,579
Between two and five years	1,642,719	1,831,659	6,208,535	5,438,557	7,851,254	7,270,216	1,647,934	1,789,871
After five years	1,489,542	1,695,122	304,430	281,098	1,793,972	1,976,220	—	—
	6,139,885	5,458,414	15,996,968	12,689,521	22,136,853	18,147,935	3,634,941	2,533,450

(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") (2012: three months HIBOR) per annum.

(iii) The loans from non-controlling interests as at 30 June 2013 are unsecured, bear interest at 5% (2012: 5%) per annum and have repayment terms as specified in the loan agreement.

(iv) The advances from participating interest of certain property projects are unsecured, interest free and repayable in accordance with the terms as specified in the agreements entered into between the Company and the participating interest.

(v) On 29 March 2012 and 12 April 2012, the Company issued 8.5% bonds in the aggregate amounts of RMB2,800 million and RMB1,500 million (equivalent to approximately HK\$3,544 million and HK\$1,899 million) respectively.

RMB2,800 million of the bonds were issued at a price of 100 per cent of the principal amount. RMB1,500 million of the bonds were issued at a price of 100.972% of the principal amount, resulting in a premium on issue of RMB14.6 million (equivalent to approximately HK\$18.5 million).

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

On 6 February 2013, the Company issued 5.5% bonds in the aggregate amounts of RMB3,000 million (equivalent to approximately HK\$3,797 million). The bonds were issued at a price of 100 per cent of the principal amount, bear interest at a coupon rate of 5.5% per annum, payable semi-annually in arrears on 6 February and 6 August each year. The bonds are listed on The Stock Exchange of Hong Kong Limited. The bonds will be redeemed on the maturity date on 6 February 2018 at the principal amount.

As at 30 June 2013, the fair value of the bonds amounted to RMB7,470.0 million (equivalent to approximately HK\$9,455.8 million) (2012: RMB4,443.1 million (equivalent to approximately HK\$5,418.4 million)).

(vi) The effective interest rates of borrowings are as follows:

	2013			2012		
	Hong Kong dollar	Renminbi	United States dollar	Hong Kong dollar	Renminbi	United States dollar
Bank loans	2.80%	6.72%	2.92%	2.10%	6.86%	—
Loans from fellow subsidiaries	0.38%	—	0.38%	0.40%	—	0.40%
Loans from non-controlling interests	5.00%	—	—	5.00%	—	—
Advances from participating interest	5.08%	—	—	4.78%	—	—
Fixed rate bonds	—	7.19%	—	—	8.37%	—
Other loans	—	6.47%	—	—	—	—

(vii) The carrying amounts of bank loans, 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.

(viii) The carrying amounts of the borrowings are denominated in the following currencies:

	Group		Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Hong Kong dollar	15,432,325	13,315,692	3,138,715	2,039,871
Renminbi	20,547,945	14,660,432	15,159,941	10,706,020
United States dollar	479,022	210,600	—	—
	36,459,292	28,186,724	18,298,656	12,745,891

(ix) For the interest-bearing borrowings, except for the loans from non-controlling interests of HK\$49,580,000 (2012: HK\$47,772,000) 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 HK\$'000	Revaluation of properties HK\$'000	Recognition of income from sale of properties HK\$'000	Fair value adjustment of properties arising from acquisition HK\$'000	Tax losses HK\$'000	Undistributed profits of subsidiaries, associated companies and jointly controlled entities HK\$'000	Provisions HK\$'000	Total HK\$'000
At 1 July 2011	(288,013)	(586,201)	(8,152)	(1,163,728)	123,485	(285,742)	23,251	(2,185,100)
Exchange differences	(3,513)	(7,124)	(99)	(14,692)	1,506	2,371	284	(21,267)
(Charged)/credited to consolidated income statement	(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 30 June 2012	(374,649)	(850,545)	(7,959)	(1,113,716)	151,555	(288,423)	23,360	(2,460,377)
Exchange differences	(14,281)	(35,202)	(315)	(40,759)	5,499	(12,871)	887	(97,042)
(Charged)/credited to consolidated income statement	(26,065)	(177,464)	(172)	72,253	(949)	(151,561)	1,672	(282,286)
At 30 June 2013	(414,995)	(1,063,211)	(8,446)	(1,082,222)	156,105	(452,855)	25,919	(2,839,705)

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\$333,890,000 (2012: HK\$210,955,000) in respect of losses amounting to HK\$1,335,561,000 (2012: HK\$843,818,000) to carry forward against future taxable income. These tax losses will expire at various dates up to and including 2018 (2012: 2017).

As at 30 June 2013, the aggregate amount of temporary differences associated with investments in subsidiaries and jointly controlled entities for which deferred tax liabilities have not been recognised amounted to approximately HK\$4,845,874,000 (2012: HK\$3,496,486,000), 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	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Trade creditors (note i)	5,459,634	4,743,957	—	—
Other creditors and accruals (note ii)	1,360,218	1,139,264	191,684	108,601
	6,819,852	5,883,221	191,684	108,601

Notes:

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

	Group	
	2013 HK\$'000	2012 HK\$'000
0 to 30 days	4,899,955	4,350,401
31 to 60 days	126,292	24,877
61 to 90 days	61,910	38,421
Over 90 days	371,477	330,258
	5,459,634	4,743,957

The carrying amounts of the trade creditors of the Group are mainly denominated in Renminbi as at 30 June 2013 and 2012.

(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.

35. Short Term Loans

	Group	
	2013 HK\$'000	2012 HK\$'000
Secured bank loans	151,899	170,733
Unsecured bank loans	391,139	99,966
	543,038	270,699

The effective interest rates of the short term loans range from 3.13% to 7.04% (2012: 3.15% to 7.35%). Their carrying amounts approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

35. Short Term Loans *(Continued)*

The carrying amounts of short term loans are denominated in the following currencies:

	Group	
	2013 HK\$'000	2012 HK\$'000
Hong Kong dollar	100,000	99,966
Renminbi	443,038	170,733
	543,038	270,699

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 30 June 2013 and 2012 and approximate their fair values.

37. Taxes Payable

	Group		Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Corporate income tax payable	478,937	181,579	—	—
Withholding tax payable	144,370	138,514	46,656	29,179
Land appreciation tax payable	2,684,528	2,494,017	—	—
Other PRC taxes payable	189,193	174,012	—	—
	3,497,028	2,988,122	46,656	29,179

38. Guarantees

(i) Corporate guarantees for banking facilities

Group

The Group has corporate guarantees of approximately HK\$1,640,794,000 (2012: HK\$1,851,736,000) given in respect of bank loan facilities extended to certain jointly controlled entities. As at 30 June 2013, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the jointly controlled entities was approximately HK\$1,135,368,000 (2012: HK\$1,260,419,000).

Company

The Company has corporate guarantees given in respect of bank loan facilities extended to certain subsidiaries and jointly controlled entities of approximately HK\$13,819,598,000 (2012: HK\$10,674,891,000) and HK\$1,640,794,000 (2012: HK\$1,851,736,000) respectively.

(ii) Guarantees in respect of mortgage facilities

As at 30 June 2013, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group and the Group's attributable portion of outstanding mortgage loans under these guarantees amounted to HK\$1,595,251,000 (2012: HK\$1,557,714,000). 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.

39. Commitments

(i) Capital expenditure commitments

(a) The capital expenditure commitments of the Group are as follows:

	Group	
	2013	2012
	HK\$'000	HK\$'000
Authorised but not contracted for		
Purchase consideration for proposed development projects	108,000	108,000
Property, plant and equipment	225,079	283,347
	333,079	391,347
Contracted but not provided for		
Property, plant and equipment	1,540,295	522,494
Investment properties	1,360,214	3,958,391
	2,900,509	4,480,885
	3,233,588	4,872,232

NOTES TO THE FINANCIAL STATEMENTS

39. Commitments *(Continued)*

(i) Capital expenditure commitments *(Continued)*

- (b) The Group's share of capital expenditure commitment of jointly controlled entities not included above is as follows:

	Group	
	2013 HK\$'000	2012 HK\$'000
Authorised but not contracted for investment properties	—	62,043
Contracted but not provided for investment properties	—	94,784
	—	156,827

(ii) Lease commitments

	Group		Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
As at 30 June 2013, future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:				
Within one year	34,545	33,988	16,204	16,237
Between two and five years	55,461	77,494	13,578	29,402
Beyond five years	7,039	15,946	—	—
	97,045	127,428	29,782	45,639

40. Notes to Consolidated Cash Flow Statement

(a) Reconciliation of operating profit before finance costs to net cash generated from/(used in) operations

	Note	2013 HK\$'000	2012 HK\$'000
Operating profit before finance costs		7,356,517	6,011,536
Interest income		(392,908)	(187,288)
Depreciation and amortisation		258,260	263,136
Share-based payments		14,206	14,610
Dividend income from an available-for-sale financial asset		—	(1,854)
Gain on disposal/write off of property, plant and equipment, land use rights and investment properties		(305,189)	(39,421)
Tax indemnity from the ultimate holding company		(617,208)	(503,477)
Gain on disposal of a subsidiary	40(c)	—	(37,592)
Changes in fair value of investment properties		(623,795)	(1,025,791)
Net foreign exchange gains		(535,766)	(157,954)
Operating profit before working capital changes		5,154,117	4,335,905
Increase in properties held for/under development and completed properties held for sale		(4,251,423)	(9,372,485)
Increase in prepayments, debtors and other receivables		(1,402,287)	(12,512)
Changes in balances with related companies		656,383	660,724
Increase in deposits received on sale of properties		3,684,184	283,196
[Decrease]/increase in creditors and accruals		(330,522)	1,772,243
Net cash generated from/(used in) operations		3,510,452	(2,332,929)

(b) Analysis of net outflow of cash and cash equivalents in respect of acquisition of subsidiaries

In December 2012, the Group acquired a subsidiary and the identified assets acquired and liabilities assumed as at the date of acquisition are as follows:

	HK\$'000
Property, plant and equipment	5,770
Intangible assets	67,636
Prepayments, debtors and other receivables	220,517
Cash and bank balances, unrestricted	86,348
Creditors and accruals	(271,238)
Taxes payable	(15,725)
Net assets acquired	93,308

NOTES TO THE FINANCIAL STATEMENTS

40. Notes to Consolidated Cash Flow Statement *(Continued)*

(b) Analysis of net outflow of cash and cash equivalents in respect of acquisition of subsidiaries *(Continued)*

	2013 HK\$'000	2012 HK\$'000
Cash consideration	93,308	2,049,329
Cash and bank balances acquired	(86,348)	(99,095)
	6,960	1,950,234

(c) Disposal of a subsidiary

In February 2012, the Group disposed interest of a wholly owned subsidiary to a jointly controlled entity of the Group.

	2013 HK\$'000	2012 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

	2013 HK\$'000	2012 HK\$'000
Cash consideration	—	51,956
Cash and bank balances disposed	—	(6,610)
	—	45,346

41. 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	2013 HK\$'000	2012 HK\$'000
Interest expenses on loans from fellow subsidiaries	(a)	8,799	7,815
Rental expense for leased premises to fellow subsidiaries	(b)	23,515	16,864
Property agency fee paid to fellow subsidiaries	(c)	11,979	4,897
Purchase of goods from fellow subsidiaries and a related company	(d)	21,685	9,228
Underwriting commission to the ultimate holding company	(e)	—	33,267
Interest income from jointly controlled entities	(f)	149,438	95,019
Property management services fee income from fellow subsidiaries, jointly controlled entities and related companies	(g)	43,247	38,621
Rental income from fellow subsidiaries, a jointly controlled entity and a related company	(h)	119,519	117,403
Trademark fee income from jointly controlled entities	(i)	21,177	79,669
Hotel management services fee income from fellow subsidiaries, jointly controlled entities, an associated company and related companies	(j)	86,704	69,775
Project management fee income from jointly controlled entities, an associated company and related companies	(k)	9,090	73,646
Contracting service income from related companies	(l)	152,377	—

NOTES TO THE FINANCIAL STATEMENTS

41. Related Party Transactions *(Continued)*

(i) Transactions with related parties *(Continued)*

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 was 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) The contracting services income is charged in accordance with the terms of the agreement.
- (m) 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\$192,900,000 (2012: HK\$178,189,000). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.
- (n) A deed of tax indemnity was entered into between the ultimate holding company and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of CIT and LAT payable in consequence of the disposal of certain properties held by the Group as at 31 March 1999. During the year, tax indemnity amounting to HK\$617,208,000 (2012: HK\$503,477,000) was effected (note 7).
- (o) During the year ended 30 June 2012, the Group disposed of the interest in a subsidiary to a jointly controlled entity for a consideration of HK\$51,956,000 (note 40(c)).
- (p) During the year ended 30 June 2011, the Group entered into an agreement with Shenyang New World Department Store Ltd. ("Shenyang DS"), a fellow subsidiary whereby the Group agreed to sell to Shenyang DS certain properties to be developed by the Group, for a consideration of RMB456,534,000, subject to adjustment. During the year, the transaction was completed at RMB415,046,000 (equivalent to HK\$518,808,000).
- (q) During the year ended 30 June 2013, the Group entered into a cooperation agreement with Shenyang Trendy Company Limited ("Shenyang Trendy"), a fellow subsidiary, whereby Shenyang Trendy agreed to make contribution of approximately RMB527,060,000 (equivalent to HK\$658,825,000) for the consideration of the redeveloped property. As at 30 June 2013, payment of RMB105,412,000 (equivalent to HK\$133,433,000) was received from Shenyang Trendy.

(ii) Key management compensation

	2013 HK\$'000	2012 HK\$'000
Salaries and other short-term employee benefits	110,978	109,670
Pension costs	5,150	4,234
Share option benefits	4,956	6,272
	121,084	120,176

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

42. 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 30 June 2013 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		
		2013	2012	2013	2012	
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

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		
		2013	2012	2013	2012	
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
Rosewood Hotels and Resorts (Asia Pacific) Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	—	Hotel management
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
Starluxe Enterprises 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
Esteemed Sino Limited	US\$1 1 share of US\$1	—	—	100%	—	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

42. 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		
		2013	2012	2013	2012	
Subsidiaries <i>(Continued)</i>						
<i>Incorporated in the British Virgin Islands (Continued)</i>						
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
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 Hotel Management (BVI) Limited	US\$1,000 1,000 shares of US\$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		
		2013	2012	2013	2012	
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
Rosewood Hotels and Resorts Holdings Limited	US\$1 1 share of US\$1	—	—	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
<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\$260,623,748	—	—	100%	100%	Hotel management

NOTES TO THE FINANCIAL STATEMENTS

42. 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		
		2013	2012	2013	2012	
Subsidiaries <i>(Continued)</i>						
<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.	RMB748,000,000	—	—	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\$162,150,000	—	—	100%	100%	Property investment, development and hotel operation
Foshan Country Club Co., Ltd.	US\$52,923,600	—	—	84.8%	84.8%	Golf club operation
Foshan Country Real Estate Development Co., Ltd.	RMB638,030,000	—	—	84.8%	84.8%	Property development
Foshan Da Hao Hu Real Estate Development Co., Ltd.	RMB1,278,558,000	—	—	84.8%	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

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		
		2013	2012	2013	2012	
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
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\$52,700,000	—	—	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.	RMB1,420,000,000	—	—	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\$440,000,000	—	—	100%	100%	Property investment and development
New World Development (Wuhan) Co., Ltd.	US\$112,000,000	—	—	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\$188,000,000	—	—	100%	100%	Property investment and development

NOTES TO THE FINANCIAL STATEMENTS

42. 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		
		2013	2012	2013	2012	
Subsidiaries <i>(Continued)</i>						
<i>Incorporated and operating in the PRC (Continued)</i>						
New World Hotel Management (Shanghai) Ltd.	RMB500,000	—	—	100%	100%	Hotel management consultancy services
New World (Shenyang) Property Development Limited	RMB3,608,103,081	—	—	90%	90%	Property investment and development
New World Zhonghong Property Co., Ltd.	RMB30,000,000	—	—	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 Xin Hui Properties Co., Ltd. (formerly: Shenyang New World Hotel Co., Ltd.)	RMB501,520,000	—	—	100%	100%	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\$45,000,000	—	—	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 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

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		
		2013	2012	2013	2012	
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 and operating in Hong Kong</i>						
Eminent Elite Limited	HK\$1 1 ordinary share of HK\$1	—	—	49%	—	Investment holding
<i>Incorporated in the British Virgin Islands</i>						
Concord Properties Holding (Guangzhou) Limited	US\$10 10 ordinary shares of US\$1 each	—	—	40%	40%	Investment holding
Silvery Yield Development Limited	US\$100 100 ordinary shares of US\$1 each	—	—	49%	—	Investment holding
<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

NOTES TO THE FINANCIAL STATEMENTS

42. 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		
		2013	2012	2013	2012	
Jointly controlled entities <i>(Continued)</i>						
<i>Incorporated and operating in the PRC (Continued)</i>						
<i>(i) Co-operative joint ventures (Continued)</i>						
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%	48.8%	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%	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 11 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

	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000	2009 HK\$'000
Revenues	16,153,872	12,528,755	13,557,227	6,340,752	2,038,623
Operating profit after finance costs	6,942,261	5,719,033	4,685,543	2,790,676	1,208,255
Share of results of					
Associated companies	46,264	16,844	18,864	15,860	171,783
Jointly controlled entities	918,372	356,327	359,312	463,814	93,547
Profit before taxation	7,906,897	6,092,204	5,063,719	3,270,350	1,473,585
Taxation charge	(3,051,541)	(2,812,704)	(1,917,443)	(629,183)	(179,362)
Profit for the year	4,855,356	3,279,500	3,146,276	2,641,167	1,294,223
Attributable to:					
Equity holders of the Company	4,616,314	3,080,929	3,025,826	2,636,427	1,359,369
Non-controlling interests	239,042	198,571	120,450	4,740	(65,146)
	4,855,356	3,279,500	3,146,276	2,641,167	1,294,223

Assets and Liabilities

	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000	2009 HK\$'000
Property, plant and equipment, investment properties and land use rights	23,979,454	20,504,444	16,723,223	14,654,688	11,499,361
Properties held for development	17,350,847	15,864,552	12,478,678	10,610,021	7,344,944
Associated companies	428,574	429,774	413,476	400,705	383,246
Jointly controlled entities	12,486,369	11,072,950	9,633,728	9,905,121	13,284,317
Intangible assets	1,940,241	1,925,141	23,394	23,394	82,766
Available-for-sale financial assets	108,457	108,457	58,362	221,996	217,910
Other non-current assets	—	—	—	9,091	26,136
Net current assets	35,206,973	27,199,442	21,054,114	21,922,155	11,115,283
Total assets less current liabilities	91,500,915	77,104,760	60,384,975	57,747,171	43,953,963
Long term borrowings	(30,957,581)	(22,919,267)	(14,151,021)	(16,076,473)	(11,117,308)
Deferred tax liabilities	(2,839,705)	(2,460,377)	(2,185,100)	(2,266,299)	(799,773)
	57,703,629	51,725,116	44,048,854	39,404,399	32,036,882

MAJOR PROJECTS PROFILE

NO	Project name	NWCL's Accounting Classification	NWCL's Attributable Interest	Total GFA (sq m)
Projects under development/held for development				
1	Beijing Xin Yi Garden Phase III	JCE	70%	85,895
2	Beijing New View Garden Remaining Phases	JCE	70%	22,561
	Beijing New View Garden Commercial Centre			39,653
3	Beijing Xin Yu Garden Remaining Phases	JCE	70%	605,600
	Beijing Xin Yu Garden Commercial Centre			89,620
4	Beijing Yuzhuang Project Phase I	Subsidiary	75%	59,061
	Beijing Yuzhuang Project Phase II			78,469
5	Langfang New World Centre District B	Subsidiary	100%	28,949
	Langfang New World Centre District B2 and C1			132,277
	Langfang New World Centre District A and C2			231,588
6	Langfang New World Garden District 3	Subsidiary	100%	92,710
	Langfang New World Garden District 1 and 2			200,262
7	Tangshan New World Centre	Subsidiary	100%	229,045
8	Tianjin Xin Hui Hua Ting	Subsidiary	100%	284,570
9	Jinan Sunshine Garden Phase III	Subsidiary	100%	209,437
	Jinan Sunshine Garden Remaining Phases			77,197
10	Shenyang New World Garden Phase IIB	Subsidiary	90%	617,555
	Shenyang New World Garden Remaining Phases			1,616,850
11	Shenyang New World Centre — Expo	Subsidiary	90%	117,647
	Shenyang New World Centre Phase I and IIA			628,901
	Shenyang New World Centre Remaining Phases			535,546
12	Shenyang New World Commercial Centre Phase I Remaining Portion	Subsidiary	100%	46,174
13	Anshan New World Garden Remaining Phases	Subsidiary	100%	1,052,393
14	Dalian New World Tower Remaining Portion	Subsidiary	100%	81,664
15	Wuhan Menghu Garden Phase IIIA and C	Subsidiary	100%	44,452
	Wuhan Menghu Garden Phase IIIB			4,614
16	Wuhan Changqing Nanyuan Phase III	JCE	60%	79,132
17	Wuhan Changqing Garden Phase IX Area 6 South District Phase 1	JCE	60%	90,450
	Wuhan Changqing Garden Phase IX Area 6 South District Phase 2			208,654
	Wuhan Changqing Garden Phase IX Remaining Portion			560,397
	Wuhan Changqing Garden Remaining Phases			797,340
18	Wuhan New World Centre Phase III	Subsidiary	100%	88,015
19	Wuhan Guanggu New World	Subsidiary	100%	330,642
20	Changsha La Ville New World Phase IIA Remaining Portion	Subsidiary	48%	64,505
	Changsha La Ville New World Phase IIIB and C			166,739
	Changsha La Ville New World Phase IV			422,390

Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Car park and others (sq m)	Development Status	Expected completion date
	768	20,941	52,281	11,905	Under development	Oct/2013
	2,223	12,629		7,709	Under planning	TBD
	16,531	8,052		15,070	Under planning	TBD
251,000	99,800	135,100		119,700	Under planning	TBD
	60,925			28,695	Under planning	TBD
56,023	3,038				Planning completed	Dec/2014
78,469					Under planning	TBD
17,437	4,516			6,996	Under development	Mar/2014
55,257	9,033	41,102		26,885	Under development	Nov/2014
83,355	53,514		38,025	56,694	Under development	TBD
92,710					Under development	Jun/2015
157,753	17,061			25,448	Under planning	TBD
84,368	35,912	49,048		59,717	Under development	Jul/2014
190,687	25,023			68,860	Under development	Mar/2014
144,339	6,736	14,234		44,128	Under development	Jun/2014
	4,353	32,708	18,729	21,407	Under development	TBD
452,075	16,174			149,306	Under development	Dec/2013
1,091,620	112,303	73,260		339,667	Under planning	TBD
				117,647	Under development	Sep/2014
81,754	296,605		131,908	118,634	Under development	Sep/2014
226,525		309,021			Under planning	TBD
46,174					Under development	Dec/2013
734,963	29,228	30,478		257,724	Under planning	TBD
81,664					Under development	Dec/2013
44,452					Planning completed	TBD
4,614					Under development	Dec/2013
63,150	7,318			8,664	Under development	Jun/2014
88,401	2,049				Under development	Jun/2014
158,684				49,970	Planning completed	Jun/2015
383,240	47,257			129,900	Planning completed	TBD
222,006	314,134	14,100		247,100	Under planning	TBD
	21,843	58,720		7,452	Planning completed	TBD
	51,384	127,164	59,142	92,952	Planning completed	TBD
55,316	6,004			3,185	Under development	Jun/2014
64,749	32,648	23,483		45,859	Under development	TBD
377,768	7,239			37,383	Planning completed	TBD

MAJOR PROJECTS PROFILE

NO	Project name	NWCL's Accounting Classification	NWCL's Attributable Interest	Total GFA (sq m)
Projects under development/held for development				
21	Yiyang Scenic Heights Phase I	Subsidiary	100%	106,870
	Yiyang Scenic Heights Remaining Phases			1,046,851
22	Chengdu New World Riverside Phase II 1A	Subsidiary	30%	136,120
	Chengdu New World Riverside Phase II Remaining Portion			904,538
	Chengdu New World Riverside Remaining Phases			2,655,422
23	Guiyang Jinyang Sunny Town Phase IIB	Subsidiary	50%	156,457
	Guiyang Jinyang Sunny Town Phase IIB Remaining Portion			132,194
	Guiyang Jinyang Sunny Town Phase IIIA			29,400
	Guiyang Jinyang Sunny Town Remaining Phases			4,064,014
24	Guangzhou Dong Yi Garden Phase V	Subsidiary	100%	26,128
25	Guangzhou Covent Garden Phase IIIA	Subsidiary	100%	87,204
	Guangzhou Covent Garden Phase III Remaining Portion			345,847
	Guangzhou Covent Garden Remaining Phases			385,997
26	Guangzhou Park Paradise Phase IIIA	Subsidiary	100%	12,780
	Guangzhou Park Paradise Phase IIIB			76,810
	Guangzhou Park Paradise Phase IVC			128,975
	Guangzhou Park Paradise Phase IVC Remaining Portion			48,113
	Guangzhou Park Paradise Remaining Phases			487,863
27	Guangzhou Park Paradise Area 6	Subsidiary	100%	184,368
28	Guangzhou Xintang New World Garden Phase VC	JCE	63%	87,262
29	Canton First Estate Phase I (#09, #10 & #19A)	Subsidiary	85%	154,829
	Canton First Estate Remaining Phases			924,900
30	Shenzhen New World Yi Shan Garden Phase III	Subsidiary	100%	125,385
31	Shenzhen New World Signature Hill	Subsidiary	100%	65,646
32	Zhaoqing New World Garden Phase III	Subsidiary	100%	50,499
	Zhaoqing New World Garden Phase III Remaining Portion			80,256
	Zhaoqing New World Garden Phase IV			51,447
33	Huiyang Hu Xia Liao Project	Subsidiary	88%	162,717
34	Huiyang Palm Island Resort Phase VI	JCE	59%	17,036
	Huiyang Palm Island Resort Remaining Phases			269,577
35	Huizhou Changhuyuan Phase IV	JCE	63%	146,906
36	Zhuhai Jin Hai New World Phase IV	Subsidiary	100%	147,021
37	Haikou Meilisha Project Phase I (#4)	Subsidiary	100%	74,133
	Haikou Meilisha Project Phase I (#2)			33,242
	Haikou Meilisha Remaining Phases			2,438,229
38	Ningbo New World Plaza	JCE	49%	677,043
Total (Projects under development/held for development)				26,543,033

Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Car park and others (sq m)	Development Status	Expected completion date
91,305	4,740			10,825	Under planning	Jun/2015
773,031	64,455			209,365	Under planning	TBD
136,120					Under development	Mar/2015
344,401	137,885		55,397	366,855	Planning completed	TBD
1,869,479	15,755			770,188	Under planning	TBD
96,265	3,555			56,637	Under development	Oct/2013
	51,407		49,724	31,063	Under development	Aug/2014
29,400					Under development	Aug/2014
2,274,745	261,071	579,835		948,363	Under planning	TBD
22,940				3,188	Under development	TBD
87,204					Under development	Apr/2015
283,538				62,309	Under development	TBD
319,095	38,587			28,315	Planning completed	TBD
	4,893			7,887	Under development	Aug/2014
	12,001		53,528	11,281	Under planning	TBD
122,727				6,248	Under development	Sep/2013
45,756	2,357				Under development	Jul/2014
263,622	102,657			121,584	Planning completed	TBD
142,839				41,529	Under development	Jun/2015
87,262					Under development	Mar/2015
154,829					Under development	Dec/2014
839,546			85,354		Under planning	TBD
95,686				29,699	Under development	Dec/2014
59,332				6,314	Under development	Dec/2014
35,095				15,404	Under development	Apr/2015
78,026		2,230			Under development	TBD
43,618				7,829	Under development	Nov/2013
162,717					Under planning	TBD
17,036					Under development	Dec/2013
269,577					Under planning	TBD
101,906				45,000	Under planning	TBD
106,456	10,162			30,403	Under development	Aug/2013
47,311	7,813			19,009	Under development	Apr/2014
23,536				9,706	Under development	Jul/2014
1,619,870	85,264		87,293	645,802	Under planning	TBD
152,497	162,078	146,357	40,661	175,450	Under planning	TBD
16,185,320	2,248,299	1,678,462	672,042	5,758,910		

MAJOR PROJECTS PROFILE

NO	Project name	NWCL's Accounting Classification	NWCL's Attributable Interest	Total GFA (sq m)
Completed Investment Properties				
39	Beijing New World Centre Phase I	JCE	70%	94,188
40	Beijing New World Centre Phase II	JCE	70%	73,392
41	Beijing Zhengren Building	JCE	70%	16,415
42	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
43	Beijing Xin Kang Garden	JCE	70%	39,910
44	Beijing Baoding Building Shopping Arcade	Subsidiary	100%	62,286
45	Tianjin Xin An New World Plaza	Subsidiary	100%	98,999
46	Tianjin New World Garden	Subsidiary	100%	7,395
9a	Jinan Sunshine Garden	Subsidiary	100%	7,417
10a	Shenyang New World Garden	Subsidiary	90%	208,978
	Shenyang New World Commercial Centre	Subsidiary	100%	9,473
13a	Anshan New World Garden	Subsidiary	100%	53,109
47	Dalian New World Plaza	Subsidiary	88%	69,196
14a	Dalian New World Tower	Subsidiary	100%	48,982
48	Shanghai Hong Kong New World Tower	JCE	50%	130,385
49	Shanghai Ramada Plaza	Subsidiary	100%	34,340
	Shanghai Belvedere Service Apartment			37,935
50	Shanghai Jiu Zhou Shopping Arcade	Subsidiary	100%	129
51	Wuhan New World International Trade Tower I	Subsidiary	100%	121,828
	Wuhan New World International Trade Tower II			10,005
18a	Wuhan New World Centre	Subsidiary	100%	135,811
	Wuhan New World Centre	JCE	60%	6,202
52	Wuhan K11 Gourmet Tower	Subsidiary	100%	20,900
17a	Wuhan Changqing Garden	JCE	60%	82,047
53	Wuhan Xin Hua Garden	JCE	60%	72,006
20a	Changsha La Ville New World Phase I	Subsidiary	48%	22,917
22a	Chengdu New World Riverside Phase I	Subsidiary	30%	76,561
54	Nanjing New World Centre	Subsidiary	100%	52,794
23a	Guiyang Jinyang Sunny Town	Subsidiary	50%	33,601
24a	Guangzhou Dong Yi Garden	Subsidiary	100%	13,954
55	Guangzhou New World Oriental Garden	Subsidiary	100%	38,355
56	Guangzhou Central Park-view	Subsidiary	91%	67,186
27a	Guangzhou Covent Garden	Subsidiary	100%	25,655
28a	Guangzhou Park Paradise	Subsidiary	100%	75,917
30a	Guangzhou Xintang New World Garden	JCE	63%	77,617
32a	Shenzhen New World Yi Shan Garden	Subsidiary	100%	9,225
57	Shunde New World Centre	Assoc. Co.	42%	48,517
32a	Zhaoqing New World Garden	Subsidiary	100%	15,062
35a	Huizhou Changhuyuan	JCE	63%	42,294
58	Haikou New World Garden	Subsidiary	100%	32,703
Subtotal				2,201,160

Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Car park 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			
	8,092			200,886
				9,473
	1,417			51,692
	49,413			19,783
	27,067			21,915
	35,474	80,549		14,362
	20,743			13,597
37,935				
	129			
		104,556		17,272
		10,005		
	45,766	62,151		27,894
		563		5,639
	10,320			10,580
	60,186	3,819		18,042
	36,069			35,937
	2,984			19,933
				76,561
	41,712			11,082
	22,903			10,698
	8,356			5,598
	21,787			16,568
29,868	17,408			19,910
	15,008			10,647
22,220	6,956			46,741
	22,886			54,731
				9,225
	33,577			14,940
	15,062			
	2,313			39,981
				32,703
90,023	769,087	271,075	—	1,070,975

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 Dalian Hotel	Subsidiary	100%	53,248
61	New World Shanghai Hotel	Subsidiary	100%	46,942
62	pentahotel Shanghai	Subsidiary	100%	13,353
63	New World Wuhan Hotel	JCE	60%	29,411
64	New World Shunde Hotel	Assoc. Co.	33%	36,524
Subtotal				203,466
Total (Completed investment and hotel properties)				2,404,626

	Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Car park and others (sq m)
	—	—	—	23,988	—
	—	—	—	53,248	—
	—	—	—	46,942	—
	—	—	—	13,353	—
	—	—	—	29,411	—
	—	—	—	36,524	—
	—	—	—	203,466	—
	90,023	769,087	271,075	203,466	1,070,975

GLOSSARY OF TERMS

General Terms

Company or NWCL:	New World China Land Limited
FY:	Financial year, 1 July to 30 June
GDP:	Gross Domestic Product
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\$ or HKD:	Hong Kong dollar(s), the lawful currency of Hong Kong
LEED:	Leadership in Energy and Environmental Design
NGOs:	Non-governmental organisations
China, PRC or Mainland China:	The People's Republic of China
RMB or CNY:	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"
SMEs:	Small and medium enterprises
Stock Exchange:	The Stock Exchange of Hong Kong Limited
TBD:	To be determined
US or USA:	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

Independent Non-Executive Directors

Dr Cheng Wai-chee, Christopher

Hon Tien Pei-chun, James

Mr Lee Luen-wai, John

Mr Ip Yuk-keung, Albert

Company Secretary

Ms Ngan Man-ying, Lynda

Auditor

PricewaterhouseCoopers

Principal Bankers

Bank of China (Hong Kong) Limited

Bank of Communications Co., Ltd.

The Bank of East Asia, Limited

China Merchant Bank Co., Limited

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

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

Hong Kong Branch Share Registrar and Transfer Office

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

Stock Code

Hong Kong Stock Exchange 00917

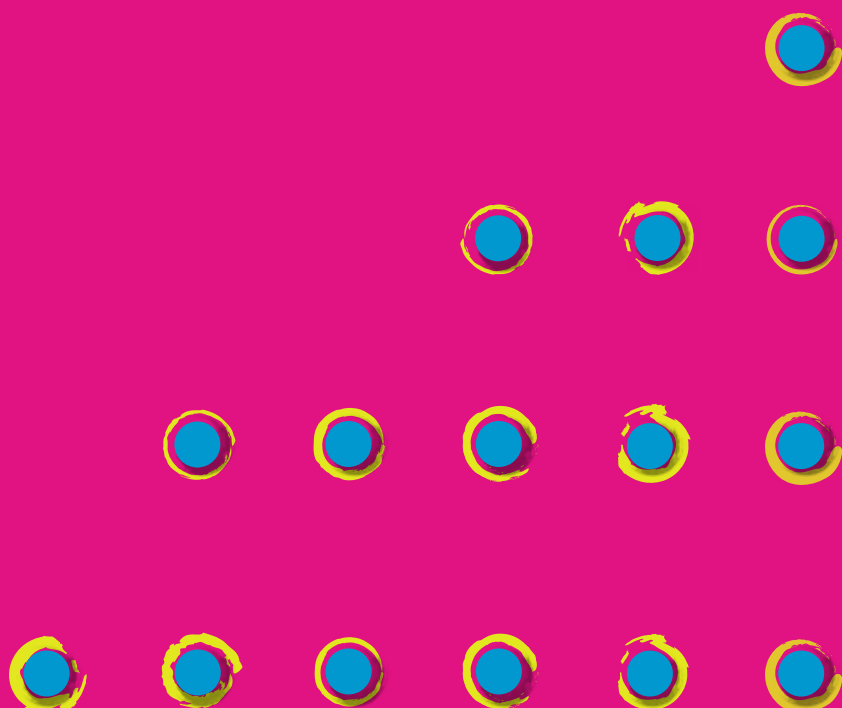
Investor Information

For more information about the Group please contact the Corporate Communications Department at:
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Discover Happiness

New World China Land has been dedicated to creating harmonious communities. In 2012, NWCL pioneered in producing the first life documentary *Discover Happiness*, with an aim to set up a platform for its property owners to present their stories and convey happiness to the society. The documentary consists of eight happy stories of ordinary families from cities where NWCL operates, including Beijing, Tianjin, Shenyang, Anshan, Chengdu, Wuhan, Guangzhou and Guiyang. The NWCL property owners and NWCLub members were recruited to participate in this project by submitting their blissful stories and enacting their own experiences.

Some stage photos are featured in this annual report. NWCL would like to acknowledge the NWCL property owners and NWCLub members who participated in this documentary.





New World China Land Limited

(incorporated in the Cayman Islands with limited liability)

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