



New World China Land Limited

(Stock Code: 00917)



Annual Report 2015

MISSION



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.

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.

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.

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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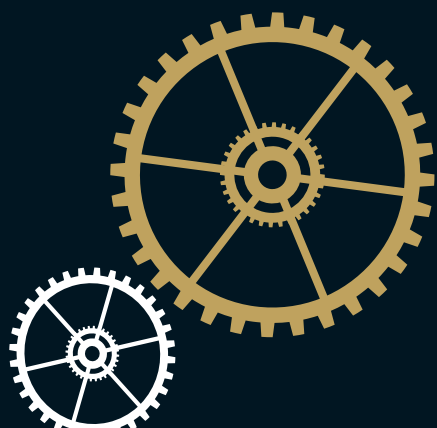
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Corporate Information



CORPORATE PROFILE

A GFA of property development and investment portfolio

25.74

million sq m

Operating businesses in

24



Regions
in Mainland China

A total asset value of

HK\$ 134 billion

Comprising

30

 major development projects

New World China Land Limited (Stock Code: 00917) is the flagship Mainland China property arm of the Hong Kong-listed New World Development Company Limited (Stock Code: 00017) and is one of the leading large-scale national developers in Mainland China. NWCL has been listed in Hong Kong since July 1999, and it is a constituent stock of Morgan Stanley Capital International (MSCI) China Index. NWCL's well-diversified projects are located in major cities or transportation hubs and include residential communities, serviced apartments, villas, offices, shopping centres, mixed-use comprehensive buildings, hotels and resorts.

CORE BRAND VALUES



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 behaviour 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

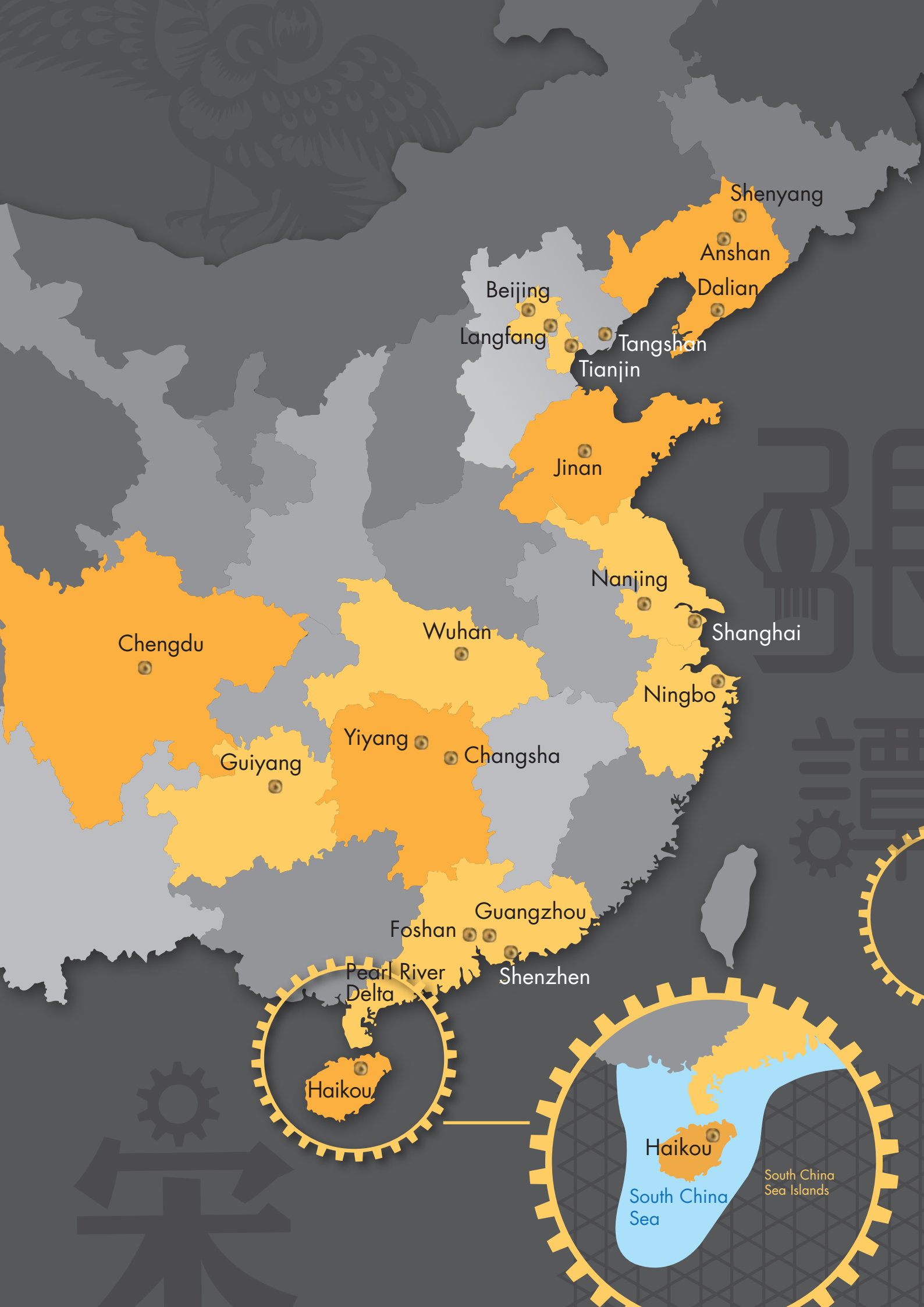
With over 40 years of property development experience and 30 years of investment experience in Mainland China of New World Development Company Limited, we are undoubtedly a mature and reliable developer with outstanding reputation in complying with local market rules and government regulations.

CORPORATE PROFILE

By location	sq m
Beijing	1,357,817
Tianjin	129,237
Langfang	707,741
Tangshan	156,914
Jinan	105,049
Shenyang	3,214,264
Anshan	1,028,766
Dalian	171,426
Shanghai	263,084
Nanjing	52,794
Ningbo	633,736
Wuhan	3,194,531
Changsha and Yiyang	909,851
Chengdu	3,663,827
Guiyang	4,062,739
Guangzhou	1,757,939
Shenzhen	46,942
Foshan	1,032,993
Pearl River Delta	679,571
Haikou	2,566,742
Total	25,735,963

By type	sq m
Properties under development/held for development	22,986,275
Completed investment properties	2,452,703
Completed hotel properties	296,985
Total	25,735,963

By usage	sq m
Residential	13,226,647
Commercial	3,019,992
Office	1,941,030
Hotel	1,059,241
Carpark and others	6,489,053
Total	25,735,963



Shenyang

Anshan

Dalian

Beijing

Langfang

Tangshan

Tianjin

Jinan

Nanjing

Chengdu

Wuhan

Shanghai

Ningbo

Guiyang

Yiyang

Changsha

Foshan

Guangzhou

Pearl River Delta

Shenzhen

Haikou

Haikou

South China Sea

South China Sea Islands

CHAIRMAN'S STATEMENT

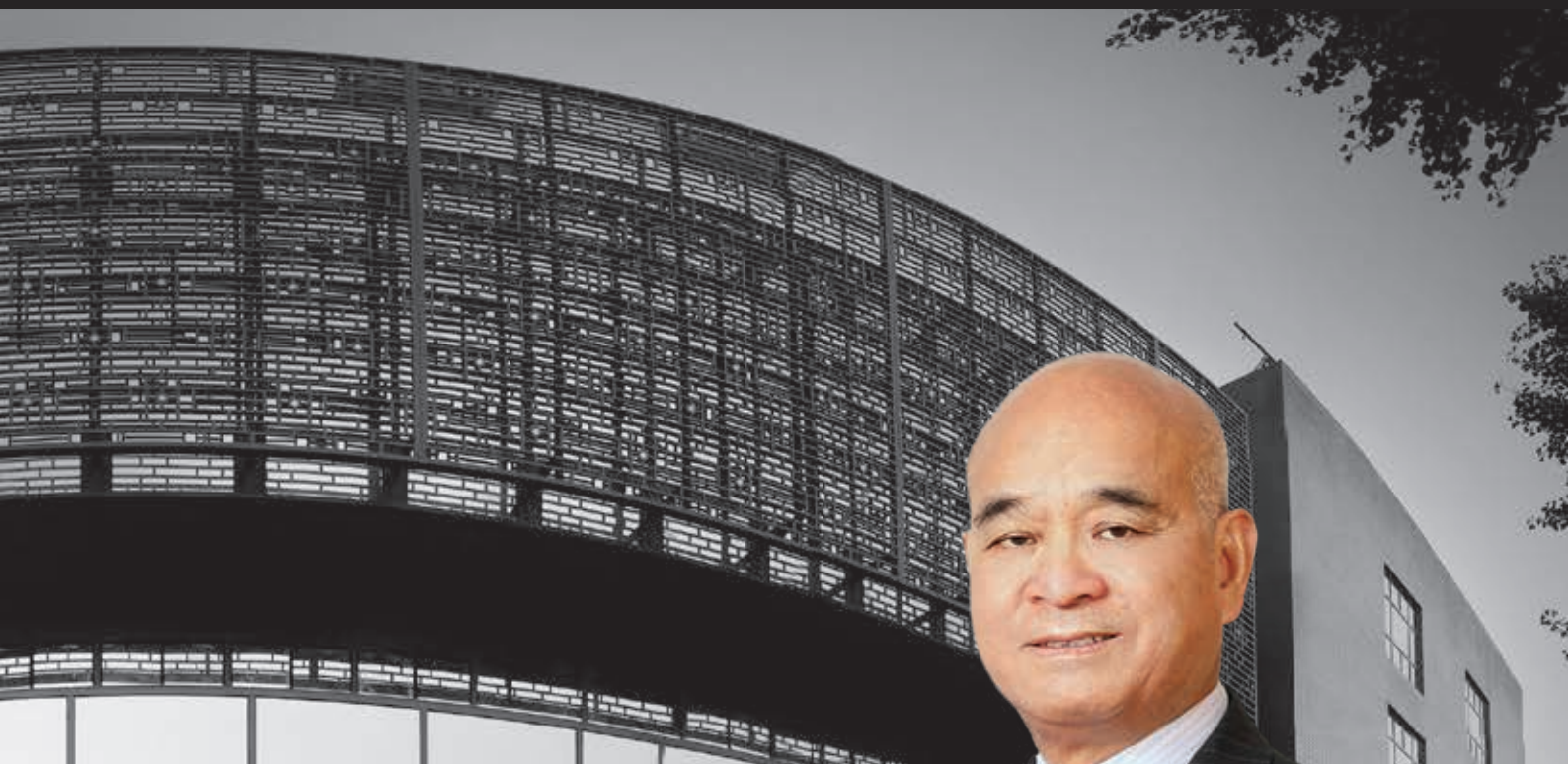
In FY2015, NWCL recorded a profit attributable to equity holders of the Company of HK\$3,313.13 million, representing a year-on-year decrease of 28.6%; GFA sold through its property sales operation reached 855,414 sq m with gross sales proceeds registered at approximately RMB13,068.3 million. Overall gross profit margin for property sales maintained at 41.6%.

To Our Shareholders:

During the year under review, the global economy was filled with challenges and uncertainties. At home, the recent Chinese stock market witnessed extreme volatility. In the US, the interest rate hike cycle is expected to commence soon. The European economy began to pick up gradually as the European Central Bank is continuing with its quantitative easing and low interest rate policies. However, Europe remains troubled by the debt crisis of Greece, which was added with Japan's lack of structural economic growth, heightening risk-averse sentiment in the global market in the second quarter of 2015. Externally, economic figures of the US in second quarter showed improvements over the first one in 2015. With declining fuel prices, stably improved unemployment rate, continuous upward movement in real estate prices, steady growth in wages and persistent improvement in retail sales and corporate activities, the Federal Reserve Board of the United States has already hinted that interest rates may begin to rise before the end of 2015. Although global funds will be drawn to the US when the

cycle of interest rate hike of the US begins, the pace of rate increase is expected to be relatively moderate, and as such, a big impact to international financial markets is unlikely.

As for Mainland China, the first half of 2015 saw its economy maintaining operation within a reasonable range as key economic indicators gradually returned to their steady paths amidst uncertain economic environment at home and abroad, as well as the ever-strengthening downward economic pressure. In the second quarter of 2015, GDP grew 7% year-on-year, while GDP for the first half of 2015 also increased 7% compared to the same period last year. The figures are in line with the economic growth target of 7% set out by the Central Government. In the first half of 2015, domestic consumption continued to be an increasingly important contributor to economic growth, contributing as much as 60% to the economy's expansion, which is a 5.7% improvement compared to the same period of the



previous year. Overall, the country's economic structure is gradually optimising. Domestic demand is making stronger contribution to the economic stability, laying out solid ground work to enhance the potential of consistent economic growth.

On the other hand, the livelihood of mainland citizens continued to improve as income of urban and rural residents maintained accelerated growth. In the first half of 2015, the national per capita disposable income reached RMB10,931, or a year-on-year increase of 9%. The median of the national per capita disposable income was RMB9,700, marking a growth of 10.5% against the last year's figure. Residents' consumption sustained steady growth, while the gap between income of urban residents and that of rural residents continued to narrow.

西
CHENG

CHAIRMAN'S STATEMENT

The continuous growth in residents' income, together with the country's urbanisation development strategy and optimisation and transformation in the economic structure, are all favourable to the healthy development of the real estate market in long run. As such, although the mainland economy is facing downward pull recently and the future development of the real estate industry is filled with challenges, the Group is still cautiously optimistic with the development of the real estate market in medium to long run, as the Central Government is expected to continue to roll out favourable measures to boost economic growth.

Since early 2014, the downward pressure faced by the mainland economy has been constantly increasing. Sales in the property market have been declining for 15 consecutive months. With the policy objective to stabilise the economy and ensure employment, local governments have been taking steps to ease purchase restriction measures for the property market since the second quarter of 2014. In late September 2014, People's Bank of China ("PBOC") loosened approval conditions for second home mortgages. In November 2014, PBOC even kicked off the cycle of lowering of interest rates and reserve requirement ratio for the first time in past two years. In the end of March 2015, the Central Government lowered the minimum down-payment requirement for second home mortgages, while many local governments adjusted the policy of the housing provident fund to lessen home buyers' burden. These show that the real estate market is one of the economic pillars of Mainland China, and the Central Government will not let it go into continuous free fall to trigger systematic risks. After a series of interest rate cuts, reductions in reserve

requirement ratio and easing policies of real estate market have been implemented, the mainland's property market clearly returned to the upward path during the second quarter of 2015.

In the first half of 2015, commodity housing sold in the mainland amounted to approximately RMB3,430 billion, recording a 10% year-on-year growth. The rate of increase exceeded that of the first five months by 6.9%. Over the same period, more than 500 million sq m of commodity housing was sold, which grew 3.9% year-on-year and showed significant improvement when compared to the 0.2% decline during the first five months. This was even the first time that sales returned to the growth trend since January of last year. However, the mainland's property market is still noticeably polarised. Sales were better for first-tier and some second-tier cities, but for most third- and fourth-tier cities, stockpiles remain high and require a longer time to be consumed.



Xia Hang
Jin Zhi Yu Ye, 2015
Stainless Steel, 18K gold



Xia Hang
Ru Ri Fang Sheng, 2015
Stainless Steel, 18K gold

While NWCL is facing quite many macroeconomic uncertainties, its professional management team still manages to successfully lead the Group to overcome various challenges in the market, fully demonstrating the Group's ethos of innovating constantly and pursuing excellence. In the light of the positive expectation on the development potential of the Qianhai Free Trade Zone in Shenzhen, the Group has specially developed "New World Signature Hill", a high-end development project in Jiangangshan at the peripheries of Qianhai. The development's water feature landscape was crafted by world-class designers, who showed masterful attention to every single detail in the project. Their exquisite designs show mainland customers of the unique brand essence — "The Artisanal Movement" — of the New World Group for the first time. The Group has long been managing its business with the sustainable development approach, and it has been actively engaged in adopting a number of green architectural design. The Group improved the energy efficiency in the life cycle of new construction projects, the conservation of water resources and the use of eco-materials. The Group's commitment towards sustainability is also well recognised by the community. The Group was honoured with the "China Real Estate Corporate Citizenship Award" and "Green Real Estate Award" under the 2015 Golden Brick Award for Real Estate of China in the 15th Annual Conference of Bo'ao 21st Century Real Estate Forum. Looking into the future, the Group will keep up with improving its cost control, accelerating its assets turnover, and actively exerting its unique advantages. The Group will continue to shoulder the role of a "city builder", addressing customer needs with finest attention and providing them with personalised experience that can lift the standard of modern living.

Dr Cheng Kar-shun, Henry

Chairman and Managing Director
Hong Kong, 23 September 2015



FINANCIAL HIGHLIGHTS

Operating Result (HK\$'000)	FY 2015	FY 2014
Revenues		
From continuing operations		
Company and subsidiaries	17,459,237	21,850,106
Share of associated company and joint ventures (note 1)	1,913,127	2,924,368
	19,372,364	24,774,474
From discontinued operation		
Company and subsidiaries	673,180	529,749
	20,045,544	25,304,223
Representing:		
From continuing operations		
Sale of properties	16,460,663	22,017,383
Rental income	1,297,818	1,262,835
Income from hotel operation	560,241	490,246
Property management services fee income	613,054	524,908
Contracting services income	440,588	479,102
	19,372,364	24,774,474
From discontinued operation		
Hotel management services fee income	673,180	529,749
	20,045,544	25,304,223
Gross profit		
From continuing operations		
Company and subsidiaries	6,837,782	9,080,068
Share of associated company and joint ventures (note 2)	876,714	1,298,408
	7,714,496	10,378,476
From discontinued operation		
Company and subsidiaries	308,748	202,165
	8,023,244	10,580,641
Profit attributable to equity holders of the Company		
From continuing operations	3,347,164	4,779,389
From discontinued operation	(34,033)	(140,698)
	3,313,131	4,638,691

Operating Result (HK\$'000)	FY 2015	FY 2014
Earnings per share (HK cents)		
Basic		
From continuing operations	38.53	55.11
From discontinued operation	(0.39)	(1.62)
	38.14	53.49
Diluted		
From continuing operations	38.51	55.07
From discontinued operation	(0.39)	(1.62)
	38.12	53.45
Dividend per share (HK cents)		
Interim	—	4.00
Final	3.00	3.00
Full year	3.00	7.00

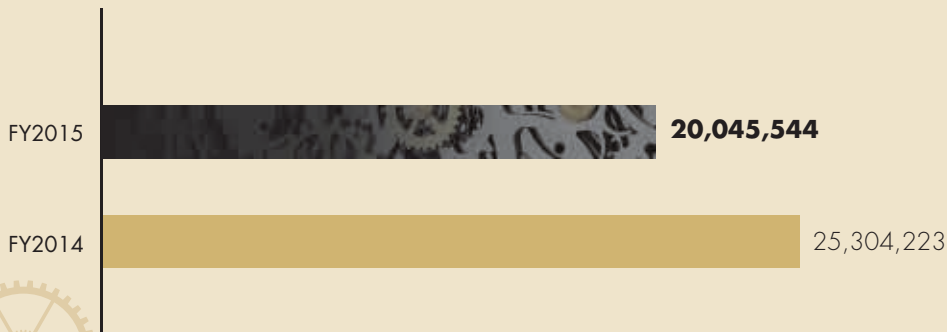
Financial Position (HK\$'million)	As at 30 June 2015	As at 30 June 2014
Cash and bank balances	15,773.7	17,351.6
Total assets	134,427.5	120,926.1
Total liabilities	69,808.8	59,607.5
Capital and reserves attributable to the Company's equity holders	60,781.9	57,752.5
Financial Ratios		
Current ratio (times)	2.10	1.89
Net debt to equity ratio	45.5%	36.0%

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

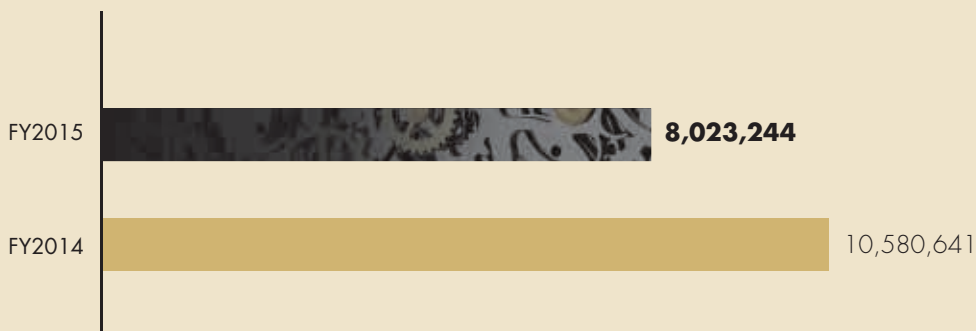
Note 2: It represents attributable share of gross profit of associated company and joint ventures to the Group.

FINANCIAL HIGHLIGHTS

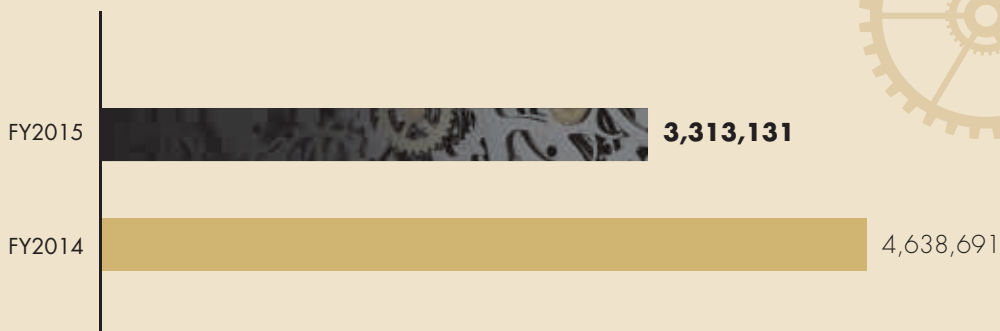
Revenues (note 1) (HK\$'000)



Gross profit (note 2) (HK\$'000)

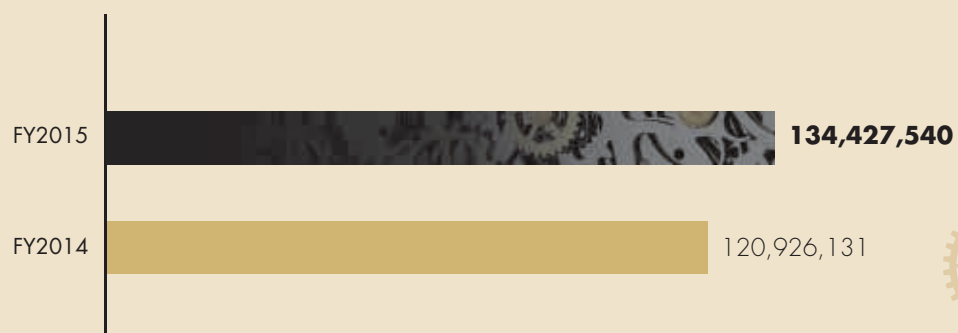
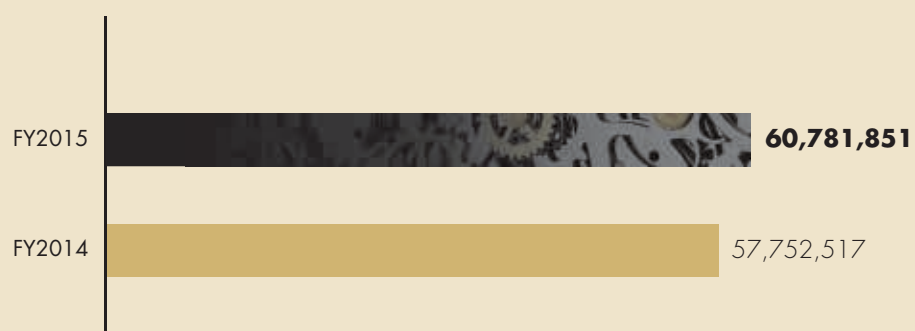


Profit attributable to equity holders of the Company (HK\$'000)



Note 1: It represents revenues of the Company and subsidiaries plus share of revenues of associated company and joint ventures attributable to the Group as tabulated on page 10.

Note 2: It represents gross profit of the Company and subsidiaries plus share of gross profit of associated company and joint ventures attributable to the Group as tabulated on page 10.

Total assets (HK\$'000)**Capital and reserves attributable to the Company's equity holders** (HK\$'000)**Cash and bank balances** (HK\$'000)

張

燈

結

綵



Zhang

Northern China — “張燈結綵Zhang Deng Jie Cai” — Festive Decorations of Lanterns and Ribbons

“張Zhang” is the third biggest family name in China. People with this surname mostly live in northern China. It is a Chinese tradition to hang up lanterns and coloured ribbons to create a vibrant and enthusiastic atmosphere when people celebrate festivals and joyous events. The traditional Chinese idiom “張燈結綵Zhang Deng Jie Cai”, or festive decorations of lanterns and ribbons, depicts jubilant occasions in which everyone is happy to be there.

BUSINESS REVIEW

BEIJING

Highlights

In the past year, Beijing's GDP grew by 7.3% annually. The per capita income of urban and rural residents increased by 7.2% and 8.6% respectively on a year-on-year basis. Following the optimisation and upgrade of the industrial structure, the high-end service industry contributed approximately 60% to the GDP growth. The Third China (Beijing) International Fair for Trade in Services was successfully conducted in Beijing. The total imports and exports of the service and trading sectors rose by 15.4% while the foreign investment in actual use was up by 6.1%. With the implementation of the Beijing-Tianjin-Hebei integrated development strategy in 2015, Beijing signed agreements and memoranda with Tianjin and Hebei respectively on the working proposals in three key domains including transportation, eco-protection and industries. With an aim to creating clusters of cities through joint efforts and promoting regional economy, progress was achieved in major tasks such as the relocation of the Capital Steel Group to Caofeidian in Hebei and the cooperation between the Beijing Zhongguancun Demonstration Zone and the Tianjin Binhai New District.

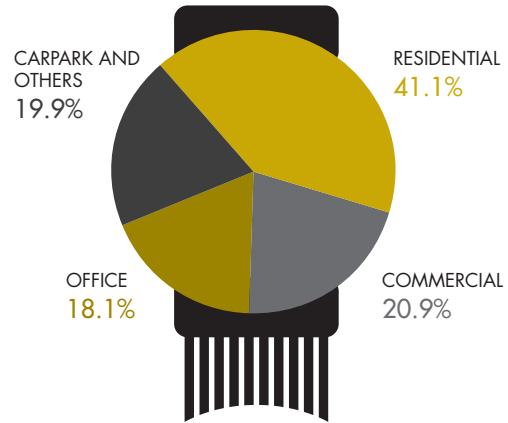
Beijing Yuzhuang Project "Li Zun"



The Beijing Municipality has prepared a list of additional prohibited and restricted industries in strict accordance with the “Regulation on the Prevention and Control of Air Pollution in Beijing”. A total of 392 ordinary manufacturers and polluting companies were forced to shut down. Beijing has made continued effort to tackle traffic congestion, including the completion of four new subway lines and the completion of 100 km of transportation microcirculation improvement project. Construction work of the Beijing New International Airport spanning across the Daxing District of Beijing and the Guangyang District of Langfang in Hebei Province has officially commenced. The project is planned to be completed by the end of 2019 and will serve as a major supporting infrastructure in promoting Beijing-Tianjin-Hebei integrated development as well as upgrading the economy of Mainland China.

BEIJING DEVELOPMENT PROPERTIES

Three major properties with total GFA 859,050 sq m



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

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

BUSINESS REVIEW

BEIJING

Beijing New World Centre Phase I and II



PROPERTY PORTFOLIO

Located at the core area of the Chongwen New World commercial hub in Dongcheng District in Beijing, the commercial parts of the Beijing New World Centre Phase I and II maintain 100% occupancy rate and a stable increase in rental income, continuously supporting the commercial development of the whole area.

Situated in Yuzhuang Central Villa Zone, Shunyi District in north eastern Beijing, Beijing Yuzhuang Project adjoins the exit of the Beijing Future Science & Technology Park of Jingcheng Expressway, boasting convenient transportation. The GFA of the project is approximately 175,000 sq m, providing 308 villas. The eastern side of the project “Li Zun” residences, which comprises 81 villas with size ranging from 600 to 1,000 sq m, were launched for sale during the year under review with satisfactory sales performance. The villas on the west side ranging in size from 480 to 600 sq m are under construction and are expected to be completed by June 2017.

Beijing — completion schedule of properties for sale

	sq m
FY2017	
Beijing Yuzhuang Project Phase II	101,616
Total	101,616

Beijing New World Centre Phase I and II



New World Beijing Hotel



pentahotel Beijing



Beijing Yanjing Building



Beijing Yanjing Building is adjacent to the Temple of Heaven, with a GFA of approximately 32,000 sq m. With New World and Hongqiao commercial hubs on both sides, the project is surrounded by a mature commercial ambience. Plans to sell the project are under way.

The four-star pentahotel Beijing, located at Beijing New World Centre Phase I, has seen steady rises in both occupancy rate and revenue during the year under review. The nearby New World Beijing Hotel, merely 800 m away from pentahotel Beijing and being the only five-star hotel in southern Beijing, has recorded a 250% year-on-year revenue increase since its opening in November 2013.

BUSINESS REVIEW

TIANJIN

Highlights

In 2014, Tianjin's GDP reached RMB1,570 billion while fixed asset investment reached RMB1,170 billion, representing an annual increase of 10% and 15.1% respectively. Tianjin actively nurtured new sources of economic growth, and has been vigorously pursuing technological innovation. During the year, 14,000 small- and medium-sized new technology enterprises were set up, and total number of new technology firms reached 60,000. The establishment of Tianjin Independent Innovation Demonstration Zone was approved by the State Council. R&D spending of the city increased to 3% of the GDP.

Tianjin Xin An New World Plaza



Tianjin Glorious Place

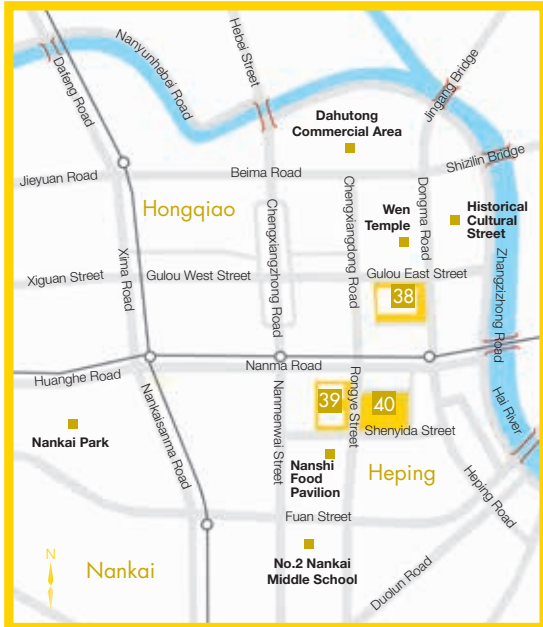


Under the Beijing-Tianjin-Hebei integrated development strategy, various transfer platforms for the industries of the Binhai New District and related districts and counties have been confirmed, and resources in the capital have been relied upon to accomplish further success. In 2014, major events such as the Summer Davos Forum were successfully held in Tianjin, further enhancing the city's international influence.

Tianjin speeded up the construction of the "Two Ports and Four Roads". Projects such as the 300,000-tonne iron ore terminal at Tianjin Port and Phase II of Tianjin International Cruise Terminal were completed. The cargo handling volume of the port reached 540 million tonnes. The construction of the Binhai International Airport Terminal 2 was completed and in operation. There are 12 waiting rooms and passenger throughput exceeded 12 million. Construction of the Tianjin-Baoding Railway, Nangang Railway and Beijing-Tianjin Intercity Express Railway Extension Line speeded up. Expansion of the Tangshan-Tianjin Expressway and the construction of Subway Line 5 and Line 6 have also been under way smoothly.

BUSINESS REVIEW

TIANJIN



- Subway
- Bridge
- 38 Tianjin Xin An New World Plaza
- 39 Tianjin New World Garden
- 40 Tianjin Glorious Place

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



PROPERTY PORTFOLIO

With a planned GFA of approximately 300,000 sq m, Tianjin Glorious Place is located at the core area of Heping District. The large-scale community, mixed-use development project comprises residences, apartments, commercial and clubhouse facilities and was completed in July 2014. The residences were sold out while the apartment portion, Tower 11 and 12 comprising 38,000 sq m and offering fully furnished units ranging in size from 57 to 128 sq m, is still for sale.

Xin Nan Shi “City Lounge”



The commercial portion, Xin Nan Shi “City Lounge”, is situated at Rongye Street, Heping CBD in Tianjin. Covering a GFA of 25,000 sq m, Xin Nan Shi “City Lounge” is strategically located at the golden juncture of Heping Road, Dongma Road and the three major commercial hub in Nanshi. Retail spaces mainly range in size from 80 to 200 sq m. This is where lifestyle amenities such as dining, shopping, recreational and educational facilities converge.

Situated at the core commercial strip of Nankai District, Tianjin Xin An New World Plaza is located at a key development zone for culture and tourism. The project boasts superb transport support including dual subway network and more than 20 public bus routes. The project offers integrated functions such as office, shopping, catering, entertainment and recreational facilities and has achieved an occupancy rate of 87%.

BUSINESS REVIEW

LANGFANG

Highlights

In 2014, Langfang's GDP grew by 8.2% when compared to last year, achieving the fastest growth rate in the entire Hebei Province. The service sector contributed over 50% of the economic growth for the first time, ranking first in the province.

Langfang New World Centre



Langfang New World Centre "Victoria Garden"



The position of Langfang has been further enhanced as the functional extension area of the capital, the platform for relocating and upgrading Beijing and Tianjin industries, the demonstration zone for the incubation and transformation of the national technological and innovation achievement, as well as the eco-living city along the Beijing-Tianjin Corridor. Langfang is proactively speeding up the development of advanced manufacturing industries, and is accelerating the construction of various new projects such as the industrial base for aerospace technological application and the manufacture of lightweight magnesium alloy parts for the Express Rail Link. The city has also newly set up provincial level economic development zone and cultural industry demonstration zone. A consensus has been reached with respect to the integrated transportation planning of Beijing and Langfang and the establishment of the cargo distribution and transportation system of the Beijing New International Airport. The Beijing-Langfang Express Rail Link has been brought into operation and the planning and design work for the Tianjin-Shijiazhuang Expressway fully commenced.

BUSINESS REVIEW

LANGFANG

PROPERTY PORTFOLIO

Langfang New World Centre is situated in the core area of the Langfang CBD. The project has a GFA of 450,000 sq m and is divided into three different development districts. District A has a five-star hotel, a large-scale commercial centre and high-end apartments. District B is being developed as a retail street and apartments, while District C features grade-A offices, high-rise apartments, townhouses and a kindergarten.

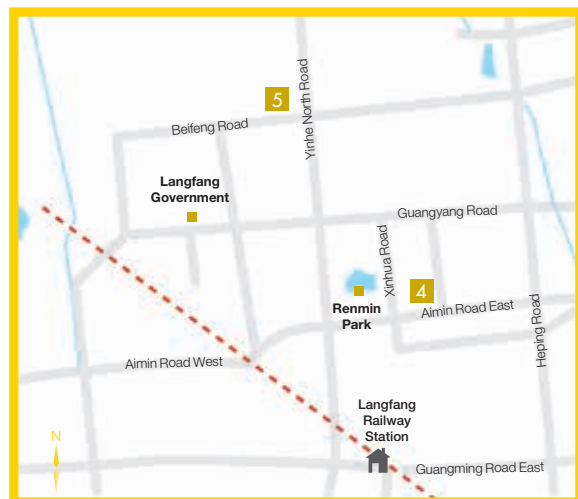
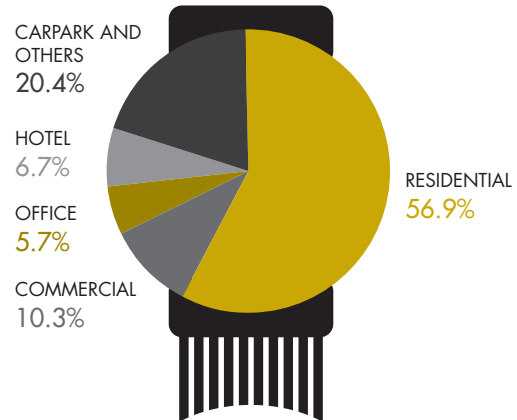
The “Causeway Bay Mansion” in District B was completed in October 2014, offering apartments ranging in size from 50 to 99 sq m. During the year under review, sales rate reached 83%. “Victoria Garden” in District C offers 545 residential units ranging in size from 99 to 180 sq m, and has achieved a sales rate of 71%.

Langfang New World Garden is located north of the main city area, being a gateway along Langfang and Beijing. Beijing Daxing International Airport is just a 20-minute drive away. The project consists of two zones including high-rise apartments and townhouses. With a GFA of 370,000 sq m, it offers residential units with size ranging from 187 to 300 sq m.



LANGFANG DEVELOPMENT PROPERTIES

Two major properties with total GFA 700,243 sq m



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

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

Langfang New World Garden


**Langfang — completion schedule
of properties for sale**
sq m

FY2016

Langfang New World Centre

District A and C

238,800

Langfang New World Garden District 3

101,319

Total

340,119

FY2017

Langfang New World Garden District 1

95,337

Langfang New World Garden District 2

75,402

Total

170,739

BUSINESS REVIEW

TANGSHAN

Highlights

In 2014, Tangshan's GDP reached RMB622.5 billion while fixed asset investment reached RMB414.6 billion, representing an annual increase of 5.1% and 16% respectively. Tangshan has been actively promoting economic transformation and upgrade. The annual growth rates of the added value by the high-tech industries and equipment manufacturing industries were 20% and 11.3% respectively, which were higher than the growth rate of 4.6% of the general industries. Investment in the service sector amounting to RMB201.4 billion, which accounted for 48.6% of the fixed asset investment, was completed. Coastal development fully speeded up. Tangshan Port achieved a cargo handling capacity of 500 million tonnes, ranking fourth in China and fifth globally. Tangshan is actively capturing the opportunities brought by the Beijing-Tianjin-Hebei integrated development strategy, and has been aggressively constructing the Caofeidian Collaborative Development Demonstration Zone, with an aim to reaffirming its strategic position of undertaking the relocation of industries from the capital, and to enabling the newly migrated industries from Beijing and Tianjin to establish strong foothold in Tangshan.

Tangshan New World Centre



Residential Portion of Tangshan New World Centre

**Tangshan – completion schedule
of properties for sale****sq m**

FY2016

Tangshan New World Centre Phase II

71,971

Total

71,971

BUSINESS REVIEW

TANGSHAN

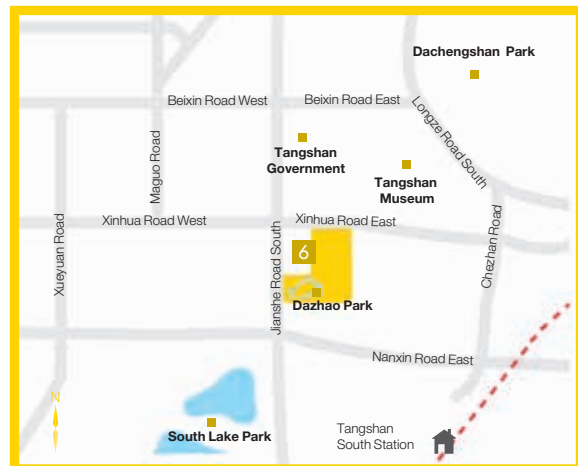
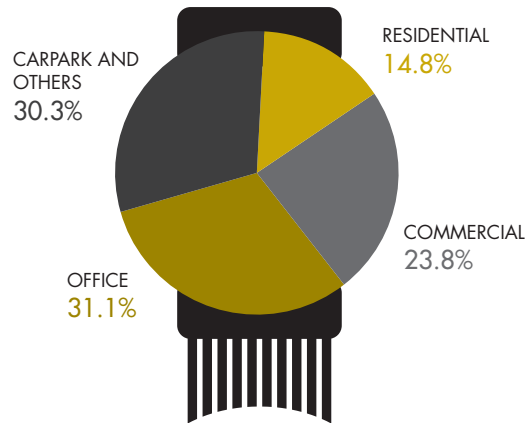
PROPERTY PORTFOLIO

Tangshan New World Centre is situated in the core area of the city. The GFA of the project is approximately 300,000 sq m, comprising a mix of commercial, office, apartment and residential units.

At 136 m in height, the 31-storey office tower of Tangshan New World Centre Phase II is the tallest commercial building in Tangshan. In addition, it is also the only commercial building in the region attaining the LEED Certification issued by the US Green Building Council. The project has already launched for sale and is expected to be completed by October 2015. The residential portion was completed in June 2015 and 214 units ranging in size from 134 to 308 sq m were launched for sale.

TANGSHAN DEVELOPMENT PROPERTY

One property with total GFA 156,914 sq m



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

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

BUSINESS REVIEW

JINAN

Highlights

In 2014, Jinan achieved stable economic growth, with an annual GDP growth of 8.8% and fixed asset investment growth of 16.1% when compared to the same period last year. The transformation and upgrade of the traditional industries of Jinan accelerated. The development of emerging industries such as new materials, new pharmaceutical sectors as well as building industrialisation speeded up. The added value and taxes of the above-scale industries rose by 10.1% and 17.1% respectively on annual basis, achieving in advance the target of eliminating the backward production capacity under the “12th Five-Year Plan”. Furthermore, construction of three national level science and technology parks and 10 bases for distinctive industries was completed in Jinan, while 35 municipal level corporate technology centres were also recognised.

Jinan New World Sunshine Garden



BUSINESS REVIEW

JINAN

Jinan — completion schedule of properties for sale		sq m
FY2017		
Jinan New World Sunshine Garden		
Remaining Portion		34,299
Total		34,299

The urbanisation rate of the entire Jinan City reached 66.4%. The industrial layout has been completed, with new urbanisation and layout of integrated transport system speeding up and infrastructure facilities and public services extending to the counties. Construction of the expressway from Jinan to Lening, Airport Road and southern extension project was completed and in operation. Major projects of a number of link expressways were in smooth progress.

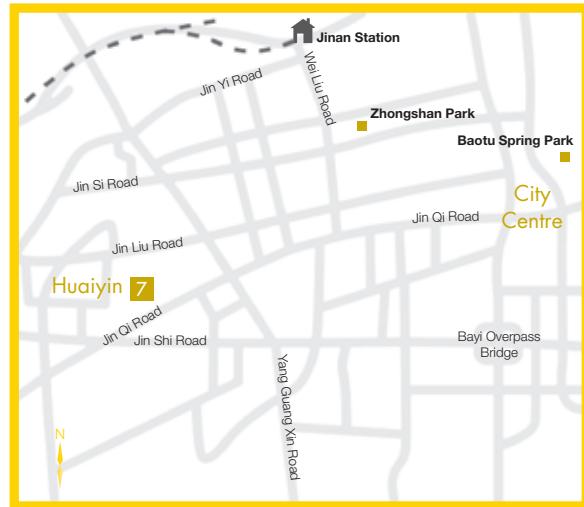
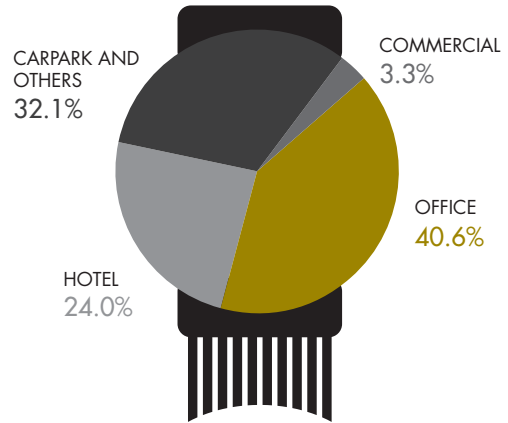
PROPERTY PORTFOLIO

Jinan New World Sunshine Garden, situated in Huaiyin District, has become a convenient area for home living. The project has been developed in three phases with the current Phase III at Eastern District II being the last phase. The size of 1,376 residential units of Eastern District II are primarily 60, 90, 140 sq m. During the year under review, the accumulated sales rate was 94% and the project was highly sought after by local home purchasers. The commercial portion in the Western District achieved an 87% occupancy rate while offices recorded full occupancy, creating steadily growing rental income.

The commercial portion of Jinan New World Sunshine Garden Eastern District has a GFA of 78,000 sq m, consisting of hotel, commercial and office. It is expected to be completed by October 2016.

JINAN DEVELOPMENT PROPERTIES

One property with total GFA 78,144 sq m



- Railway
- Railway Station
- Jinan New World Sunshine Garden

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

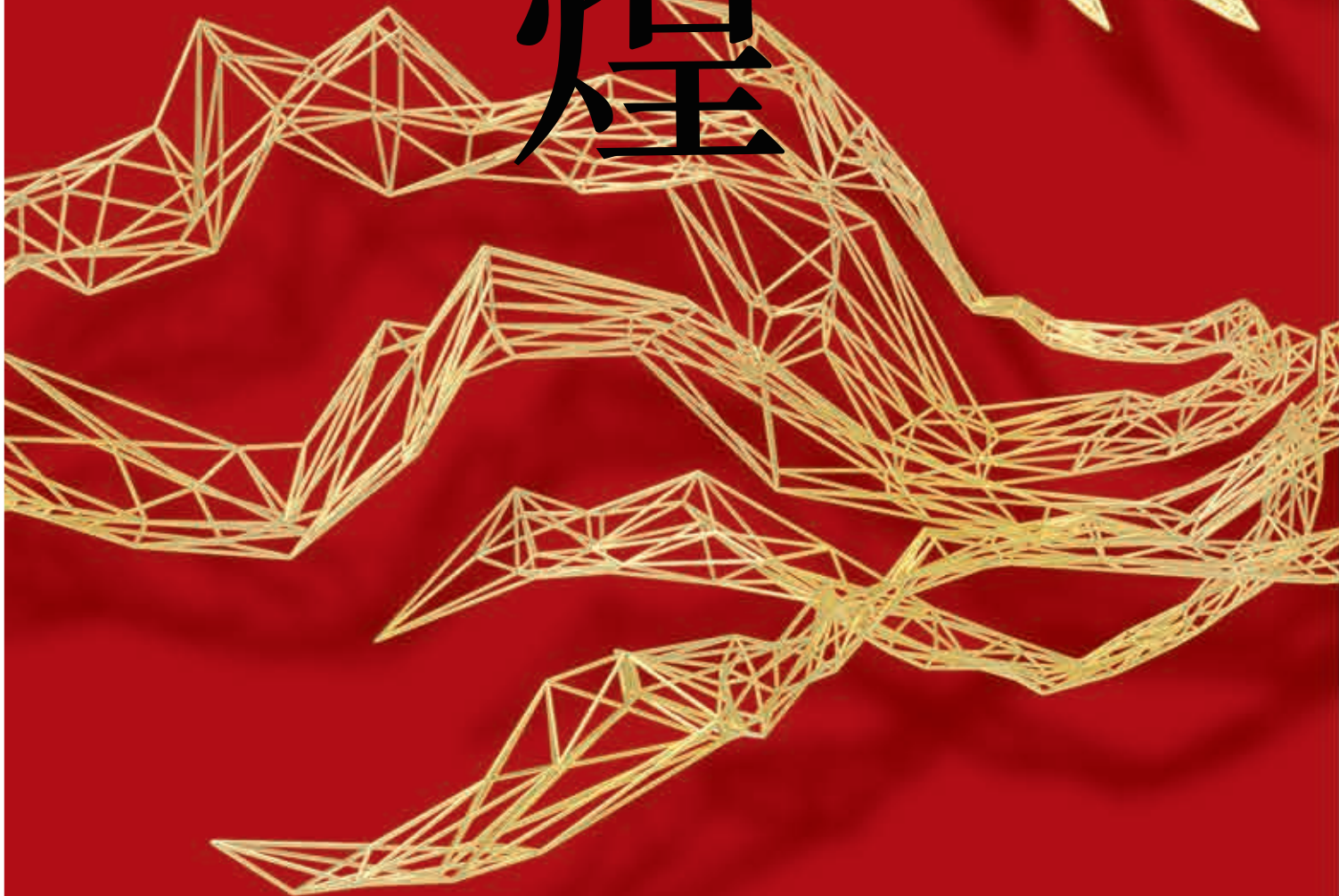
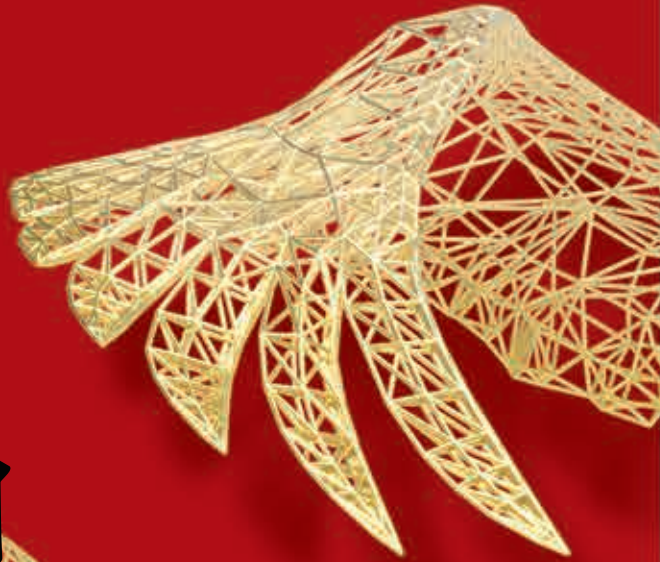


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Jin

North Eastern China — “金碧輝煌Jin Bi Hui Huang” — Splendour of Gold and Jade

“金Jin” is a surname common in north eastern China. The traditional Chinese idiom “金碧輝煌Jin Bi Hui Huang”, which translates into the splendour of gold and jade, is a phrase that describes the magnificent and glittering exterior or interior decorations of a building that catch the eye.

BUSINESS REVIEW

SHENYANG

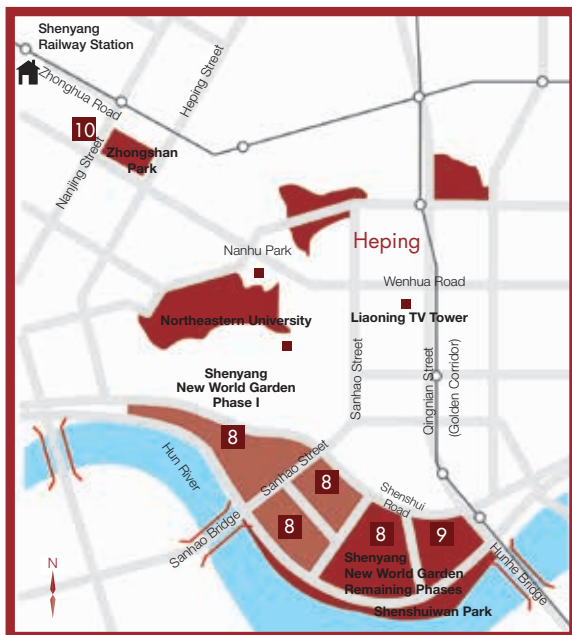
Highlights

Shenyang actively facilitated the upgrade of traditional industries and nurtured various emerging industries. Its goal was to become the country's only city that demonstrates modernisation of construction industry. The pulling effects generated by the automotive industry was apparent, while strategic emerging industries such as intelligent robot, aviation and information technology have been developing at a swift pace. The direct connection point for the national Internet backbone came into use in Shenyang, and the super computer centre of the north eastern region was brought into operation. The value added by high-tech products of the city amounted to RMB174 billion, representing an annual growth of 9.6%. In addition, the development of service sector speeded up, with its value added reaching RMB337.1 billion, representing an annual increase of 6.2%. The proportion of the modern service industry to the service sector reached 54%. Shenyang initiated the four-year service industry development action plan, with logistics, exhibition, culture, tourism and other industries developing steadily. In 2014, a number of large-scale economic and trade events such as the "14th China International Equipment Manufacturing Exposition" and the aviation equipment trading focused "Shenyang Faku International Flight Convention" were successfully held. With a total of 300 exhibitions held in the year, the city has become one of the top ten cities in the China Exhibition Development Comprehensive Index and successfully established its position as the convention centre for the north eastern region.

Shenyang New World Centre (under construction)



Shenyang New World Garden “New World • The Riverpark”



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

Construction of urban infrastructure has moved onto a new stage. Construction of projects such as Subway Line 9 and Line 10, Shenyang-Tieling Intercity Railway (Shenyang section) and Shenyang South Station speeded up.

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

BUSINESS REVIEW

SHENYANG

Perspective of Shenyang New World Garden “New World • The Riverfront”



PROPERTY PORTFOLIO

Shenyang New World Garden Phase II, “New World • The Riverpark” is situated on the northern bank of Hun River, adjoining the Shenshuiwan Park and benefitting from the convenience and prosperity of Wulihe and Sanhao Street. With a GFA of approximately 620,000 sq m, the project offers residential units with river view and of size ranging from 99 to 269 sq m. During the year under review, 2,902 units were launched for sale with satisfactory sales results.

“New World • The Masterpiece Crescent”, also under Phase II of the project, is situated in the core area of the northern bank of the Hun River. The project comprises villas ranging in size from 480 to 1,700 sq m and boasting spectacular views of the riverside. During the year under review, 82 detached and duplex villas were launched for sale. “New World • The Riverfront” in District D of Phase II offers apartments ranging in size from 74 to 430 sq m.

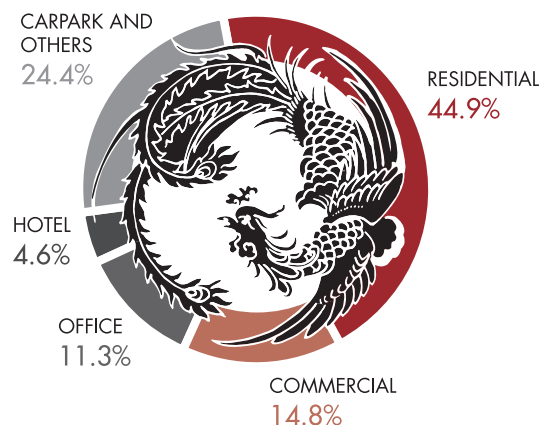
Shenyang New World Prosperous Commercial Building, the office tower of the commercial portion of Shenyang New World Garden Phase I, is located on the northern bank of the Hun River and north of Sanhao Bridge. The property enjoys scenic river views and offers units ranging in size from 180 to 1,900 sq m for sale.

Shenyang — completion schedule of properties for sale

	sq m
FY2016	
Shenyang New World Garden Phase I West District A	53,434
Total	53,434
FY2017	
Shenyang New World Centre — Expo	119,475
Shenyang New World Centre Phase I and II	883,796
Total	1,003,271

SHENYANG DEVELOPMENT PROPERTIES

Three major properties with total GFA 2,895,958 sq m



Perspective of Shenyang New World Prosperous Commercial Building



Shenyang New World Garden Phase II "New World • The Masterpiece Crescent"



Shenyang "New World • The Elite"



"New World • The Elite" is the Group's first high-end apartment in Shenyang. Located in the core area of Taiyuan Street CBD, the project offers unit ranging in size from 67 to 178 sq m that are suitable for both commercial and residential use. A total of 460 units were launched for sale during the year under review.

Shenyang New World Centre is situated at the southern tip of Golden Corridor. The project is being developed in three phases. The project comprises Shenyang K11 Art Mall, Shenyang New World Expo, Shenyang Expo New World Hotel, office, apartment and entertainment facilities. The project is expected to be completed by the third quarter of 2016.

BUSINESS REVIEW

ANSHAN

Highlights

Anshan has taken strong initiative to adjust its industrial structure. Focus of the economic development shifted gradually from heavy industry to emerging and modern service industries. Anshan has made continuous effort to attract capital investment and businesses and set up commercial platform with 17 overseas chambers of commerce and trade associations, such as The Hong Kong General Chamber of Commerce. It established a partnership relationship with over 40 Fortune Global 500 companies and over 10 state-owned enterprises. Anshan newly set up 24 provincial level engineering technology R&D centres, key laboratories and innovation platforms for industrial professional technology. It also formulated and implemented a four-year action plan for the development of service industry. The main operating revenue of 14 service sector concentration zones reached RMB135 billion, representing a growth of 20%.

Anshan New World Garden Phase I “New World • Parkview Terrace”



BUSINESS REVIEW

ANSHAN

Anshan accelerated the construction of infrastructural facilities. Besides the new construction and transformation projects of 47 roads, seven bridges and 48 streets and lanes in the city areas, Anshan carried out the repair and maintenance work of 150 km of rural roads.

PROPERTY PORTFOLIO

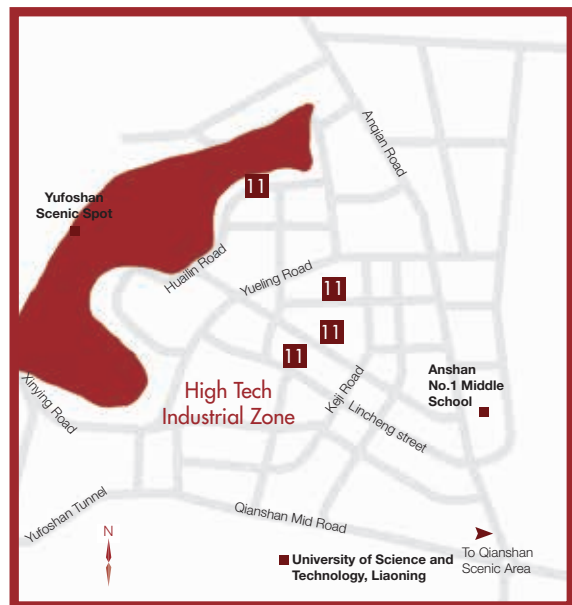
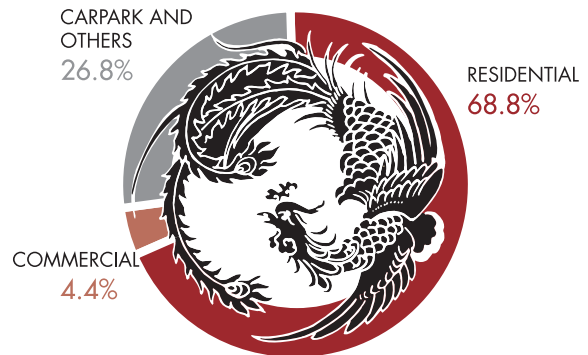
Anshan New World Garden Phase I, “New World • Parkview Terrace” is located at the core area of the Anshan High-Tech Zone with excellent peripheral amenities. The project comprises nine high-rise buildings and offers residential units ranging in size from 82 to 230 sq m. During the year under review, 1,547 units were launched with sales rate of 83%.

Anshan New World Garden Phase II, “New World • The Grandiose” offers townhouses ranging in size from 350 to 530 sq m. During the year under review, 58 townhouses were launched for sale and sales performance was satisfactory.

Anshan New World Garden Phase III, “New World • Sunnyvale Heights” adjoins a number of large-scale commercial centres and enjoys all-round lifestyle amenities. The project offers residential units ranging in size from 90 to 160 sq m and is expected to be launched for sale in the third quarter of 2015.

ANSHAN DEVELOPMENT PROPERTIES

One property with total GFA 972,568 sq m



11 Anshan New World Garden

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

Anshan New World Garden Phase II “New World • The Grandiose”

Anshan New World Garden Phase III
“New World • Sunnyvale Heights”
**Anshan — completion schedule
of properties for sale**
sq m

FY2016	
Anshan New World Garden Phase III A	145,748
Total	145,748
FY2017	
Anshan New World Garden Phase III B	139,582
Total	139,582

BUSINESS REVIEW

DALIAN

Highlights

Dalian is an economic concentration zone with coastal industries offering remarkable advantages. In 2014, its GDP reached RMB800 billion, representing an annual increase of approximately 6%. The simultaneous development of advantageous industries such as petrochemical, equipment manufacturing, shipbuilding and information technology resulted in the continued expansion of the industrial chain. The Changxingdao petrochemical industrial base was incorporated into the national planning of the petrochemical industry, and the integrated oil refinery and petrochemical project has been making progress in a systematic manner. The output of the automotive industry increased by 40%, and the realised value of the automotive and auto parts and accessories industries amounted to RMB60 billion. The development of nine major industries such as the intelligent device, new energy and new materials were robust.

Dalian New World Tower



Lobby of Dalian New World Tower Phase II "The Pinnacle"



The "Master Plan of Dalian Port Taiping Bay Port Area" was reviewed and approved. The area will mainly support the coastal industries in the coastal economic zone of Taiping Bay and urban development. In addition, it will undertake some of the functional adjustments of the old port area of Dalian port, and will provide services for the Liaoning Coastal Economic Belt. Construction of infrastructural facilities accelerated and trial runs of the South Binhai Avenue and Subway Line 1 and Line 2 were launched. Construction work on the projects including the new airport, Dandong-Dalian Railway and Bohai Avenue also speeded up.

Cafe of New World Dalian Hotel




BUSINESS REVIEW

DALIAN

PROPERTY PORTFOLIO

Dalian New World Tower is located in the core business area at Renmin Road in the Zhongshan District, commanding spectacular view of the Dalian Harbour. A mixed-use development project in urban centre, Dalian New World Tower comprises a five-star hotel, a high-end shopping plaza and luxurious commercial apartments. Phase II of the project, namely “The Pinnacle” is a 60-storey building that provides 935 fully furnished residential or office units. The units range in size from 63 to 122 sq m, or can be expanded into whole floor of 1,713 sq m. During the year under review, the project launched 525 units with a sales rate of 77%.



- - - High-speed Railway
- - - Railway
-  Railway Station
- 41 Dalian New World Plaza
- 42 Dalian New World Tower
- 60 New World Dalian Hotel

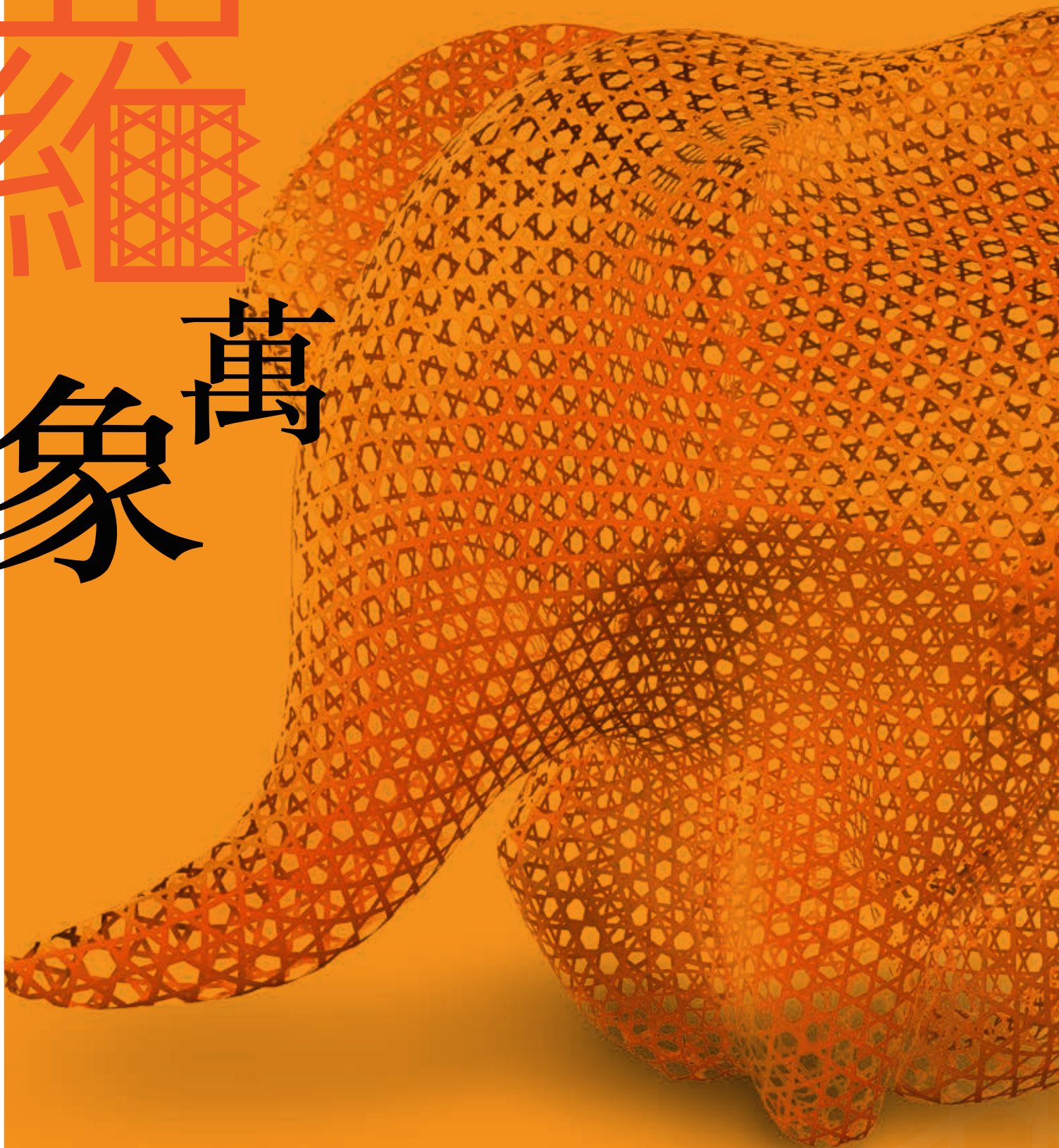
For details of the Group's project portfolio, please refer to "Major Projects Profile".

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Luo

Central China — “包羅萬象 Bao Luo Wan Xiang” — Embracing Everything under the Sun

“羅 Luo” is a surname mostly found in central China. The traditional Chinese idiom “包羅萬象 Bao Luo Wan Xiang”, or embracing everything under the Sun, originates from the classic residential fengshui literature *Huangdi Zhajijing* (The Classic of Houses), a dialogue between man and nature. The idiom means everything on earth are being included, indicating an exciting and exhaustive collection of things and contents.

BUSINESS REVIEW

SHANGHAI

Highlights

In 2014, Shanghai's GDP grew by 7% annually. The proportion of the value added from the tertiary sector to the city's GDP increased to 64.8%. The growth rate of the Consumer Price Index maintained at 2.7%.

Shanghai K11 Art Mall



BUSINESS REVIEW

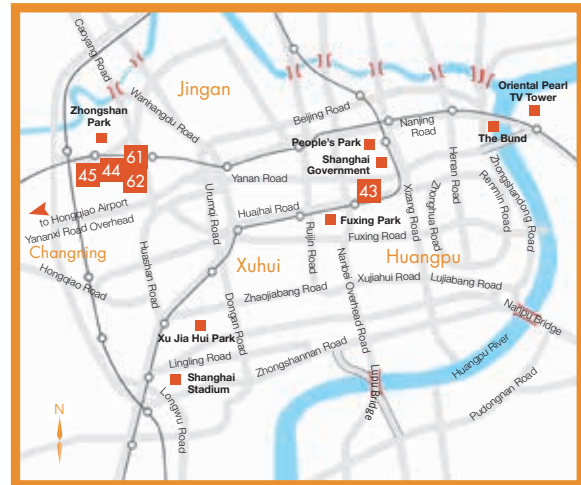
SHANGHAI




The regulatory innovation of the Shanghai Pilot Free Trade Zone has been pursued in a comprehensive manner. A new round of 31 external liberalisation measures was implemented, and an investment management system centred on the management of negative lists was basically set up. Innovative financial measures such as free trade accounts and Renminbi overseas loans were also launched. The financial reforms aiming at the convertibility of capital accounts and the liberalisation of the financial service sector were initiated orderly. In addition, Shanghai kicked off the pilot “Shanghai-Hong Kong Stock Connect” and supported the launch of innovative products such as “Shanghai Gold”. The city attracted BRICS Development Bank, Shanghai International Aviation Court of Arbitration and other institutions to set up local operation in Shanghai.

Shanghai initiated a new round of overall urban planning and speeded up the construction of major infrastructure. Construction of Subway Line 16 was completed and put into service while certain sections of Line 13 were also in operation. Construction of the fourth runway of Pudong International Airport was completed smoothly. Shanghai implemented a new round of a three-year action plan on Intelligent City Construction, and successfully hosted the first “World Cities Day”.

PROPERTY PORTFOLIO

Shanghai Hong Kong New World Tower is situated in the core area of Shanghai. This landmark grade-A office tower is the tallest building in the golden commercial location of Huaihai Road and offers over 80,000 sq m of rental space. The tower offers Shanghai’s first exclusive clubhouse for senior executives and a creative professional development centre. Together with Shanghai K11 Art Mall in the commercial podium, the mixed-use investment property offers office, recreational and shopping facilities. The overall occupancy rate maintained at 96%.



-  Subway
-  Bridge
-  Tunnel
- 43** Shanghai Hong Kong New World Tower
- 44** Shanghai Ramada Plaza & Shanghai Belvedere Service Apartment
- 45** Shanghai Jiu Zhou Shopping Arcade
- 61** New World Shanghai Hotel
- 62** pentahotel Shanghai

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

Shanghai K11 Art Mall, located at the commercial podium of Shanghai Hong Kong New World Tower, transforms commercial retail into artistic experience. The Art Mall regularly holds various types of art exhibitions in dedicated art space and attracts many international brands to move in. During the year under review, occupancy rate was as high as 99%.

The Group’s another major mixed-use investment property, Shanghai Ramada Plaza, is located opposite to the Zhongshan Park in Changning District. It comprises two hotels, serviced apartments and department store. Shanghai Belvedere Service Apartment actively promoted short-term leases and agreement cooperation such as collaboration with local and overseas room booking portals and multinational groups during the year under review. These measures successfully attracted short-term and business tenants. The apartment maintained an overall occupancy rate of 80% while rental revenue grew steadily.

Shanghai Hong Kong New World Tower



Both New World Shanghai Hotel and pentahotel Shanghai achieved an increase in their occupancy rates and revenue respectively during the year under review.

pentahotel Shanghai



New World Shanghai Hotel



BUSINESS REVIEW

NINGBO

Highlights

In 2014, Ningbo made new progress in the areas of economic expansion and quality enhancement. The container throughput of the port jumped to rank fifth in the world and first among the major ports of Mainland China in terms of growth.

In terms of urban function enhancement, projects such as e-commerce “One City, Two Districts and One Centre”, return of Zhejiang merchants to the headquarter base, Metro Line 2 Phase I project, and the integrated transport hub at Ningbo Railway Station were pushed ahead steadily. Construction of Metro Line 3 Phase I and the North-South Ring freeway were basically completed. Construction of major functional zones speeded up, and the development and construction of Ningbo Hangzhou Bay New Zone, Meishan Industrial Concentration Zone were carried out swiftly. Regional images of Eastern New Town, Southern New Town, Zhenhai New Town and Dongqianhu Tourist Holiday Resort were further enhanced.

Perspective of Ningbo New World Plaza



BUSINESS REVIEW

NINGBO

Ningbo City will continue to focus on the establishment of the port economic zone, capturing the opportunities brought by the national strategies of “One Belt, One Road” and the Yangtze River Economic Belt.

PROPERTY PORTFOLIO

Ningbo New World Plaza is situated in the core area of Jiangdong District, which is the key area of the river promenade where the three rivers of the city meet and is right next to subway and urban business centre. With a GFA of approximately 800,000 sq m, the mixed-use development project comprises high-end residences, K11 Art Mall, grade-A office, five-star hotel and urban park. It is earmarked to bring the locals a high-quality lifestyle and commercial-cultural experiences.

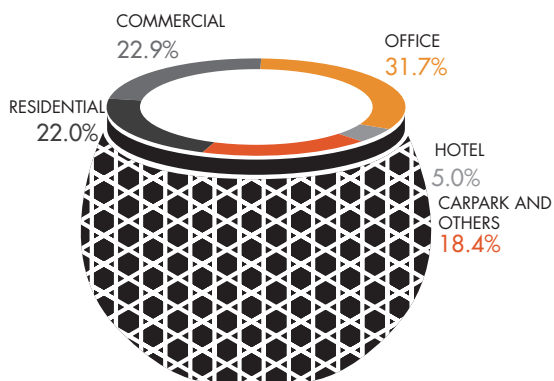
Phase I of the project includes residential and commercial portions and is expected to launch for sale in 2017. Construction of Phase II of the project, including grade-A office and hotel, is planned to commence in 2016.

Perspective of Ningbo New World Plaza



NINGBO DEVELOPMENT PROPERTIES

One property with total GFA 633,736 sq m



30 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

In 2014, Wuhan achieved the goal of generating more than RMB1,000 billion of GDP, one year ahead of the “12th Five-year Plan”. Fixed social asset investments reached RMB700.3 billion, representing a growth of 16.7% when compared to last year. Wuhan has been actively attracting industrial investments, operating significant projects and construction industrial projects. Wuhan completed industrial investments amounting to RMB260.6 billion. Industrial projects with investment of over RMB5 billion, including Phase I of the Shanghai General Motors Wuhan Production Base, CNR Railway Transportation Equipment and Repair Base and Chow Tai Fook Jewellery Park, have been completed and are in operation. In addition, Wuhan kicked off the urban renewal project and the rejuvenation of old urban areas, with the demolition of 11 urban villages completed. Construction of the urban infrastructure in Wuhan made steady progress. Phase II of Subway Line 4, which connects the three towns of Hankou, Hanyang and Wuchang together with Metro Line 2, entered the soft opening phase. In response to the national strategy of “One Belt, One Road”, Wuhan opened up a near ocean aviation route that connects with four ASEAN countries. Operations of the Sino-Europe (Wuhan) International freight trains officially commenced.

Perspective of Wuhan New World • Times



BUSINESS REVIEW

WUHAN

PROPERTY PORTFOLIO

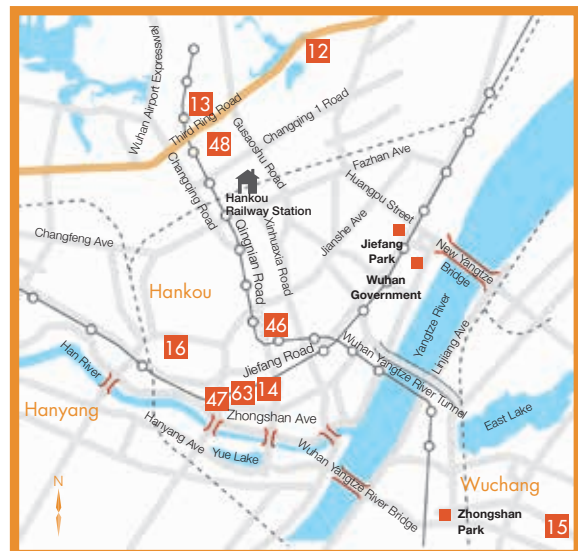
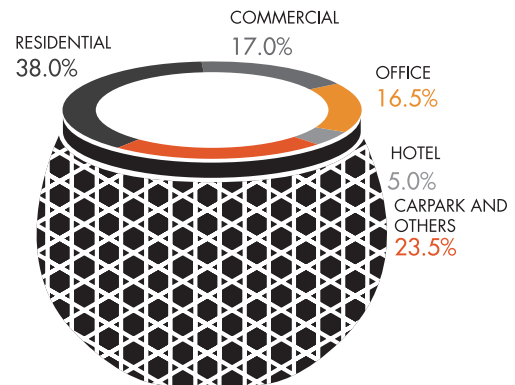
Wuhan Guanggu New World is situated at Wuhan East Lake High-tech Development Zone. The comprehensive community development project comprises a commercial portion, District A, and a residential portion, District B. District A covers a site area of about 40,000 sq m and is a multi-functional commercial development consisting of a five-star hotel, grade-A offices and K11 Art Mall. District B, spanning a site area of approximately 93,000 sq m, includes 15 high-rise buildings and approximately 33,000 sq m of waterscape garden. Shops in District B were delivered to owners in March 2015. During the year under review, 2,460 residential units were launched for sale and the sales rate reached 99%.

Wuhan Menghu Garden, a large-scale low-density residential project, comprises villas and mid-rise residences and has a GFA of approximately 200,000 sq m. Leveraging convenient transport and the scenic views of Tazi Lake, the project launched a new phase of 18 villas during the year under review and achieved a sales rate of 94%. Mid-rise residential units range in size from 43 to 180 sq m and are embraced by 20,000 sq m of landscape garden. As of this financial year, an accumulated 232 units were launched for sale. Sales performance was satisfactory.

Wuhan Changqing Garden is a mega-scale comprehensive community development project in the city. During the year under review, 306 residential units of Site No. 6 south cluster were launched and completely sold out. Construction of Phase II will begin in 2016. Site No. 8, which is the high-end residential units of the project, is located at the core area of the community where stations of dual subway are located. In addition, a 300,000 sq m of commercial development will be constructed in the vicinity. During the year under review, 78 residential units were launched and completely sold out.

WUHAN DEVELOPMENT PROPERTIES

Five major properties with total GFA 2,760,593 sq m



---	Railway	12	Wuhan Menghu Garden
🏠	Railway Station	13	Wuhan Changqing Garden
🚇	Subway	14	Wuhan New World Centre
🌉	Bridge	15	Wuhan Guanggu New World
🛤️	Embankment	16	Wuhan New World • Times
⋯	Tunnel	46	Wuhan New World International Trade Tower
		47	Wuhan K11 Gourmet Tower
		48	Wuhan Xin Hua Garden
		63	New World Wuhan Hotel

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

Changqing Garden Site No. 6 offers retail shops ranging in size from 24 to 245 sq m. During the year under review, 18 shops were launched for sale and sales rate reached 78%. The renovated integrated service tower on Site No. 4 was well received by the market, with 23 units being launched for sale in the current financial year. Sales rate reached 87%.

Retail shops of Wuhan Changqing Nanyuan are located at an exceptional location right off the exit of the Subway Line 2 at Changgang Road station. The delivery and occupation of Phase III South District residences brought an increasing flow of people and boosted the sales of shops. During the year under review, over 60% of the shops were sold.

Wuhan New World Centre is a large-scale mixed-use development project in the city comprising hotel, office, shopping mall, residences and retail street, and is the first property in central China to attain LEED Gold Certification. As Wuhan's top-end office, office Tower A is now occupied by a long list of world-renowned enterprises and its rental rate reached 92%. Office Tower B was launched for sale in January 2015 with satisfactory sales performance.

Wuhan New World International Trade Tower is situated at a prime location of Jianshe Avenue in Hankou District. The US Embassy and the Consulate General of France in Wuhan are both tenants of this tower. Rental rate was as high as 96%.

Located at Wuhan City Qiaokou District, Wuhan New World • Times has a site area of approximately 145,000 sq m. The project has a GFA of 440,000 sq m and was divided into Site A and B. Site A has three office towers and Site B provides residences and other facilities including high-rise residential buildings, high-end apartments, kindergarten and primary school to accommodate various needs of customers.

Wuhan Guanggu New World



Wuhan Menghu Garden



Wuhan Changqing Garden



Wuhan New World International Trade Tower


**Wuhan — completion schedule
of properties for sale**
sq m

FY2016

Wuhan Menghu Garden Phase III C

30,008

Total

30,008

FY2017

Wuhan Menghu Garden Phase III A

17,669

Wuhan Guanggu New World

338,324

Total

355,993

Wuhan New World Centre



BUSINESS REVIEW

CHANGSHA

Highlights

Changsha actively facilitated the transformation and upgrade of its industries, industrial parks and enterprises while enhancing the development of traditional industries. Strategic emerging industries also grew strongly and swiftly. In 2014, Changsha's annual GDP reached RMB781 billion, representing a year-on-year growth of 10%. Value added by large-scale industries rose by 12% to RMB305 billion.

Perspective of Changsha La Ville New World Phase III B



BUSINESS REVIEW

CHANGSHA

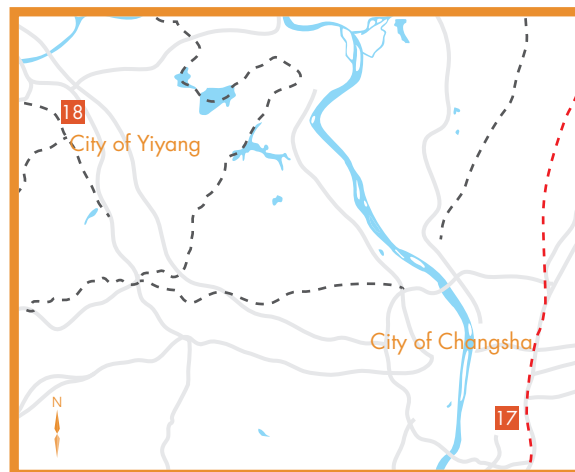
Development of the modern service industry speeded up. More than 500 new mobile and Internet companies were founded, generating more than RMB10 billion of output. The Alibaba Changsha Industrial Belt went online comprehensively. Total output of cultural industries reached RMB160 billion, and total income from the tourism industry amounted to RMB119.2 billion. Emerging industries gave significant support to the city's economic development. Value added by industries such as automobiles and parts, new materials and information technology accelerated at the rate of more than 25%.

Furthermore, the urban infrastructural construction of Changsha continuously improved. Average daily passenger volume of Subway Line 2 Phase I reached 180,000 people.

PROPERTY PORTFOLIO

Changsha La Ville New World Phase II A is located at the southwest portion of the project, right next to the mixed-use development project of Phase III B and the interchange of intercity railway and the subway. The area enjoys transport convenience. Phase II A commercial portion has a GFA of approximately 8,000 sq m, offering double-storey retail shops along the street and with size ranging from 150 to 270 sq m. During the year under review, 40 shops were launched for sale. Accumulated sales rate reached nearly 90% and rental rate exceeded 80%.

Changsha and Yiyang — completion schedule of properties for sale		sq m
FY2016		
Yiyang New World Scenic Heights Phase I A		8,652
Yiyang New World Scenic Heights Phase I C		12,573
Total		21,225
FY2017		
Changsha La Ville New World Phase III B		122,806
Yiyang New World Scenic Heights Phase I B		31,762
Yiyang New World Scenic Heights Phase II		55,372
Total		209,940

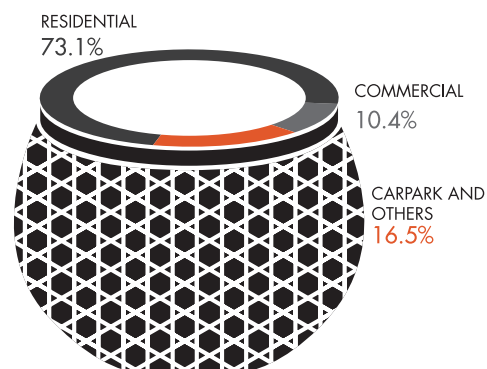


- High-speed Railway
- Railway
- 17 Changsha La Ville New World
- 18 Yiyang New World Scenic Heights

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

CHANGSHA AND YIYANG DEVELOPMENT PROPERTIES

Two major properties with total GFA 902,536 sq m



Office development of Changsha La Ville New World



Changsha La Ville New World Phase III C is located at the eastern side of the project. With a GFA of 24,000 sq m, the office is designed as a duplex office ranging in size from 80 to 190 sq m. Since its sales launch in early 2015, the project was well received by the market with a sales rate of over 60%. Phase III B mixed-use development project is situated at the western side of the project with a GFA of approximately 120,000 sq m. It offers single storey and duplex apartments ranging in size from 38 to 93 sq m, offices ranging in size from 42 to 164 sq m, as well as retail street. The project is planned for sale in the first quarter of 2016.

Yiyang New World Scenic Heights Phase I is situated at the High-tech Zone of Yiyang City, adjoining Zishan Lake International Golf Club and the natural Zishan Lake Reservoir that covers an area of approximately 1.06 million sq m. With a GFA of 367,000 sq m, the project includes duplex villas, townhouses, high-rise residences and commercial complexes. It is the only high-end comprehensive development project with golf resources and lake in the city, and will be launched for sale in FY2016.

Perspective of Yiyang New World Scenic Heights



Perspective of commercial development of Yiyang New World Scenic Heights



BUSINESS REVIEW

CHENGDU

Highlights

In 2014, Chengdu's GDP reached RMB1,000 billion, with an annual increase of 8.8%. Fixed asset investments rose to RMB660 billion. Value added by the service sector was expected to grow by 8% to a total of RMB508 billion. Core capabilities of the service sector, including trading and logistics, financial services and headquarters economy grew even stronger. Construction of national e-business demonstration city witnessed new accomplishments. The total amount of e-commerce transactions exceeded RMB500 billion. Chengdu was also strengthening its efforts to support the development of innovative technologies. Debt financing risk capital pools and angel investments were established to direct funds, and the innovative start-ups service platform was set up.

Perspective of Chengdu New World Riverside

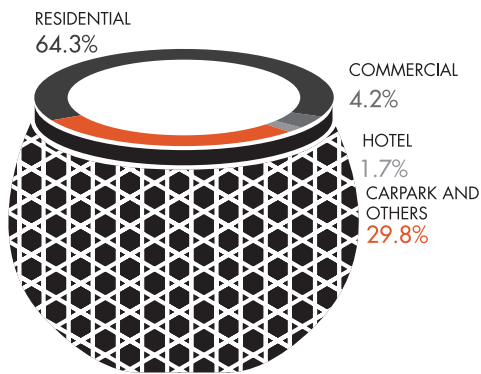


Comprehensive planning of Chengdu Tianfu New District was completed. Construction of the innovative technology city, the central business district and Jinjiang ecological belt accelerated. Backbone roads such as Phase II of Tianfu Avenue were completed and in operations, improving the urban highway network. Integration of urban and rural public transport progressed steadily. Construction of five subway lines and seven related projects including Subway Line 3 fully commenced. The operation of eastern extension of Subway Line 2 commenced.



CHENGDU DEVELOPMENT PROPERTIES

One property with total GFA 3,624,763 sq m



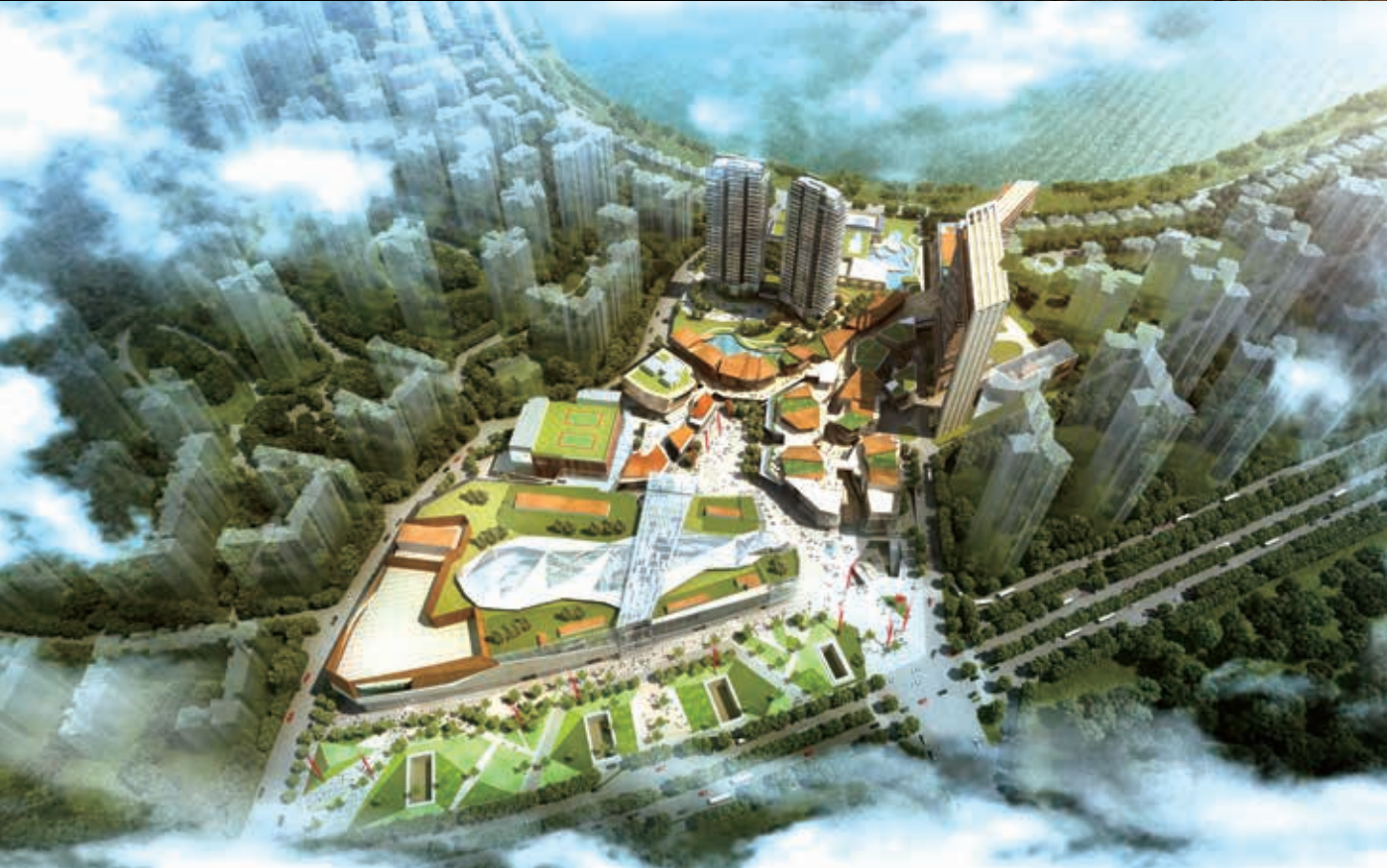
- Subway
- Subway (under construction)
- Bridge
- Chengdu New World Riverside

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

BUSINESS REVIEW

CHENGDU

Perspective of commercial development, Chengdu New World Plaza of Chengdu New World Riverside



PROPERTY PORTFOLIO

Chengdu New World Riverside is located in the prime location of Tianfu New District, between Chengdu Shuangliu International Airport and Chengdu Tianfu International Airport that will be built in the future. The project boasts geographical advantage with Subway Lines 1 and 18 located nearby. The project has a site area of approximately 1.1 million sq m, and enjoys the natural resources and serene environment of the 3,000 metre-long Jinjiang Ecological Zone. Construction of Chengdu New World Plaza, a 340,000-sq-m, one-stop lifestyle centre that converges shopping, retail street, hotel as well as sports and cultural facilities in the core centre of the project, began during the year under review and will become the core living area of Tianfu New District. Construction of the commercial portion of Phase II was also completed and is currently put for lease. Both the clubhouse and the kindergarten of approximately 7,000 sq m and 4,800 sq m respectively, commenced operations.

During the year under review, six blocks of Phase II Cluster I “Zhi Lan City” consisting of 1,046 residential units ranging in size from 78 to 163 sq m were launched for sale, and sales performance was satisfactory.

Chengdu — completion schedule of properties for sale		sq m
FY2016		
Chengdu New World Riverside	Phase II 1A	220,223
Total		220,223
FY2017		
Chengdu New World Riverside	Phase II 1B	247,448
Chengdu New World Riverside	Phase II 2A	143,917
Total		391,365

BUSINESS REVIEW

GUIYANG

Highlights

In 2014, Guiyang's GDP rose by 13.9% year-on-year to RMB249.7 billion. Zhongguancun Guiyang Science Park made its debut while the construction of the Guizhou Shuanglong Airport Economic Zone also began. The vertical and lateral integrated development mode of Guiyang Internet Financial Industry Park was formed, with 113 financial institutions setting up their local branch offices in Guiyang. Establishment of the Guiyang • Gui'an National Big Data Clustering Zone was approved.

Leveraging its construction of an innovative city in terms of technological finance and Internet finance in western China, Guiyang implemented the pilot work of national online finance, and facilitated the construction and business development of Guiyang's Internet Financial Industry Park.

Guiyang Jinyang Sunny Town



BUSINESS REVIEW

GUIYANG

Guiyang Jinyang Sunny Town



Phase II of the transportation un-cluttering project for the central urban area of Guiyang was under way last year. Preliminary work on the development of public transport express system of the city was in progress. Construction of Subway Line 1 was in full swing. Renovation of Terminal 1 building of Longdongbao Airport was basically completed with six new and more frequent international routes. The annual passenger throughput volume exceeded 12 million people. Furthermore, construction of the high-speed rail system connecting Guiyang and Guangzhou was completed and in operation, thrusting Guiyang into the “High-Speed Rail” era.

PROPERTY PORTFOLIO

Guiyang Jinyang Sunny Town is located at the prime location of Guanshan Lake District, the new municipal and economic centre of Guiyang. The project is a modern ecological showcase city with a GFA of four million sq m, boasting comprehensive commercial and educational facilities such as renowned secondary and primary schools, Guiyang K11 Art Mall and New World Guiyang Hotel. The project mainly offers high-rise residential units ranging in size from 70 to 158 sq m, mid-rise residential units ranging in size from 120 to 190 sq m, as well as villas ranging in size from 197 to 700 sq m to cater to the various needs of home buyers.

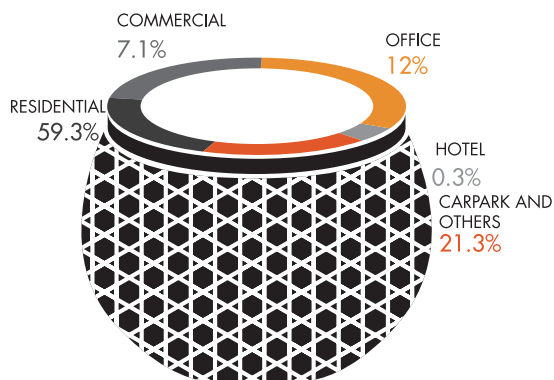


- Lightrail (under planning and construction)
- 20 Guiyang Jinyang Sunny Town
- 65 New World Guiyang Hotel

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

GUIYANG DEVELOPMENT PROPERTIES

One property with total GFA 3,867,935 sq m



During the year under review, Guiyang Jinyang Sunny Town launched 3,124 residential units of “Long Yue” for sale, receiving good market response with more than 2,000 units sold.

Rental rate of the commercial portion of the project exceeded 68%, with businesses such as catering, retail, entertainment and recreation moving in. In the future, the project will benefit from the transport convenience brought by Light Rail Lines 1 and 2, which will further bring about positive factors to the future development.

New World Guiyang Hotel has commenced operation since September 2014.

Guiyang — completion schedule of properties for sale		sq m
FY2016		
Guiyang Jinyang Sunny Town Phase II C		325,758
Guiyang Jinyang Sunny Town Phase III A		29,748
Total		355,506
FY2017		
Guiyang Jinyang Sunny Town Phase IV A		64,937
Total		64,937

Perspective of Guiyang Jinyang Sunny Town “Merry Land”



推陳
出新





Chen

Southern China — “推陳出新Tui Chen Chu Xin” — Evolving from Traditions to Innovations

“陳Chen” ranks number ten in the *Hundred Family Names*. It is the most common surname in southern China, in the provinces of Guangdong and Fujian, as well as in Hong Kong and Macau. “推陳出新Tui Chen Chu Xin”, in traditional Chinese idiom literally is evolving from traditions to innovations, means applying critical thinking on traditional subject matters to condense their quintessence such that new things or new ways of working can be created.

BUSINESS REVIEW

GUANGZHOU

Highlights

In 2014, Guangzhou's GDP grew by 8.6% year-on-year to RMB1,670 billion. Adjustments in industrial structure saw solid results, with the proportion of service industry increasing constantly. Hi-tech industries, strategic emerging industries and new businesses were growing strong and fast. Total volume of import and export expanded 9.8% to USD130.6 billion. Guangzhou topped Forbes China List of Best Cities for Business for the fourth time.

Guangzhou Central Park-view

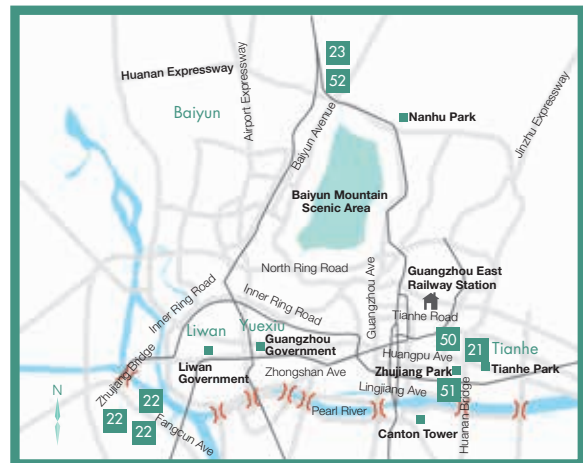
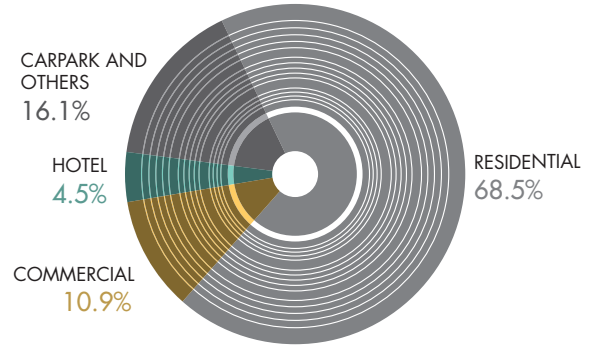



Guangzhou drove forward with the upgrade and transformation of key commercial districts by accelerating the construction of international convention and exhibition centre, logistics centre and procurement centre. Guangzhou also refined its capabilities in trading and commerce. A series of specialised trade exhibitions and events were held to promote new consumption style in areas such as information, culture, health and tourism. Guangzhou clinched the top position in sub-provincial cities of Mainland China in terms of its integrated tourism competitiveness. Total retail sales of social consumer products expanded by 12.5% to RMB769.8 billion when compared to last year. The Guangzhou Free Trade Zone was successfully declared, and Customs established “21st Century Maritime Silk Road” special passageway to encourage enterprises to build up overseas manufacturing bases and sales networks, and to attend international trade fairs. New businesses such as cross-border e-commerce and market procurement were developed. Total amount of imports and exports via cross-border e-commerce reached RMB1.31 billion.

Guangzhou continued to drive the initiative to build its transportation hub. Construction of major projects such as the expansion of Baiyun Airport, Phase III of Nansha port, national railways, intercity trains, subways, high speed roads as well as municipal roads and bridges accelerated. Construction of the high-speed rail links connecting Guiyang to Guangzhou and Nanning to Guangzhou was completed and in operation.

GUANGZHOU DEVELOPMENT PROPERTIES

Three major properties with total GFA 1,416,243 sq m



-  Railway Station
-  Subway
-  Bridge
-  21 Guangzhou Dong Yi Garden
-  22 Guangzhou Covent Garden
-  23 Guangzhou Park Paradise
-  50 Guangzhou New World Oriental Garden
-  51 Guangzhou Central Park-view
-  52 Guangzhou Park Paradise Area 6

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

BUSINESS REVIEW

GUANGZHOU

Guangzhou Park Paradise “New World • Kai Yun”



PROPERTY PORTFOLIO

Located at the core of Pearl River New Town, Guangzhou Central Park-view is a landmark high-quality international community. The project comprises “The Canton Place”, “The Canton Club”, “Canton Residence”, “Canton Mansion” and “The Canton Vision”. Launched for sale currently, “Canton Mansion” enjoys the panoramic views of the Pearl River to the south and a large-scale central landscaped garden to the north, and offers mainly riverside lush residential units ranging in size from 180 to 304 sq m. During the year under review, sales performance of the project was satisfactory and it had continued to be the high-end residences benchmark of Guangzhou.

Guangzhou — completion schedule
of properties for sale

sq m

FY2016	
Guangzhou Covent Garden Phase III	94,992
Total	94,992
FY2017	
Guangzhou Dong Yi Garden Phase V	22,940
Guangzhou Covent Garden Phase III Remaining Portion	283,538
Total	306,478

Guangzhou Park Paradise “New World • Caring Mansion”



Guangzhou Park Paradise “Jin Yun Feng”



Guangzhou Xintang New World Garden “Wan Xiang Yuan”



Guangzhou Park Paradise is located at the core of Baiyun New Town and covers a site area of approximately 1.2 million sq m. It has a GFA of 2.2 million sq m, 500,000 sq m of which will be developed into a mixed-use development area which comprises a five-star hotel, commercial retail, landscaping, cultural, entertainment and recreational facilities, transport hub and a catering centre. With the Subway Lines 2, 3 and 14 converging and the project's comprehensive amenities, Guangzhou Park Paradise attains the highest quality community in Baiyun District. The single-unit-whole-floor eco-mansion, “New World • Kai Yun” is currently offering units with size ranging from 130 to 170 sq m for sale, and is well received by the market. The sale of brand new “Star Villa” with units of 240 sq m were overwhelmingly received and snatched up very quickly at launch. “New World • Caring Mansion” offers low-density duplex apartments ranging in size between 135 and 217 sq m and the sales performance was satisfactory. High-rise apartment “Jin Yun Feng” was highly sought after by the market and 1,820 units was fully sold out.

“New World • Canton Bay”, the latest phase of residential project of Guangzhou Covent Garden, is

located at the exceptional core position of Baietan in Liwan District. With Subway Line 5 beginning here and connecting with the existing Line 1 and 2, the project enjoys the convenience brought by the multiple subway lines. The project boasts 60,000 sq m of riverside landscaped garden, 100,000 sq m of commercial amenities, as well as secondary and primary schools to satisfy the various daily needs of the residents. Launched in July 2015, the new “Qin Rong Shi Guang” residential cluster offers 465 three- to four-bedroom units ranging in size from 99 to 141 sq m to meet the varied needs of home buyers. In addition, top-end riverside villas “Yue Fu” ranging in size from 208 to 240 sq m, 40 units was launched for sale and the sales performance was satisfactory.

“Wan Xiang Yuan” of Guangzhou Xintang New World Garden is located at the core area of eastern Guangzhou. In close proximity with the under construction Subway Line 13, Shenzhen Expressway and Guangzhou-Dongguan-Shenzhen Intercity Railway, the project enjoys transport convenience. The final phase of the project offers two- to four-bedroom apartments ranging in size from 85 to 150 sq m. An accumulated 264 units was being sold.

Guangzhou Covent Garden "New World • Canton Bay"



Residential showflat of Guangzhou Covent Garden "New World • Canton Bay"



BUSINESS REVIEW

SHENZHEN

Highlights

In 2014, Shenzhen's GDP exceeded RMB1,600 billion. Fixed asset investments totalled RMB271.7 billion, with five-year aggregate amount exceeding RMB1,000 billion.

Shenzhen New World Signature Hill



Shenzhen's position as a financial centre is continuously enhanced. It ranked third in Mainland China in terms of local and foreign currencies deposit and loan balances, while total asset value of financial industry exceeded RMB7,000 billion. The annual container throughput exceeded 24 million standard containers, ranking in top three globally. The annual passenger throughput volume of the airport exceeded 36 million people. Development and construction of 15 key regions, including the Shenzhen Bay Mega-headquarters' Base and International Bio-valley, had accelerated. Shenzhen also fully implemented its innovation-driven development strategy. The number of international patent applications reached 11,600 in 2014. This number tripled since 2010 and accounted for 48.5% of all international patent applications in the nation.

The Guangdong Free Trade Zone ("FTZ") in Qianhai-Shekou area was officially inaugurated in April 2015. Running as an area with low tax and limited restrictions, the FTZ has driven the development of logistics industry. Meanwhile, cooperation between Shenzhen and Hong Kong continued to deepen. Development of Qianhai was propelled forward to focus on the development of high-end emerging service industries and headquarters economy so as to promote trade liberalisation in the service sector. The GDP of Qianhai is expected to reach the level of RMB150 billion by 2020. The city will become an important strategic location in the Greater Guangdong-Hong Kong-Macau Bay Area and along the Maritime Silk Road.



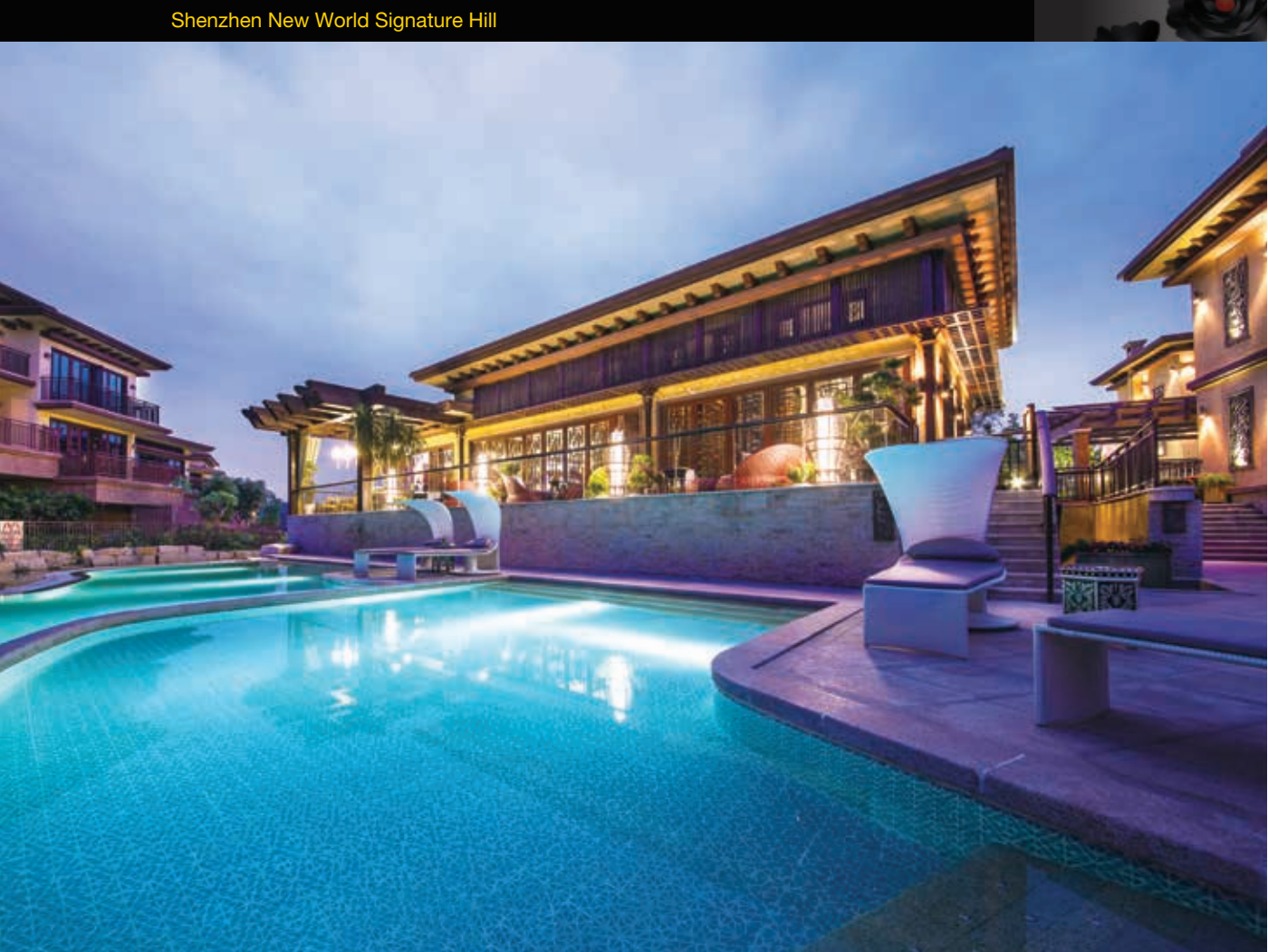
- - - Guangzhou Shenzhen High-speed Railway
- - - Guangzhou Shenzhen Hong Kong High-speed Railway (under construction)
- Railway Station
- 54 Shenzhen New World Yi Shan Garden Phase III
- 55 Shenzhen New World Signature Hill

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

BUSINESS REVIEW

SHENZHEN

Shenzhen New World Signature Hill



PROPERTY PORTFOLIO

Shenzhen New World Signature Hill is situated at the top of Jiangang Mountain in Baoan District, the vicinity has the largest concentration of villas in Shenzhen. It is the last luxurious villas project at the backyard of Qianhai Free Trade Zone. Shenzhen New World Signature Hill features a 10,000 sq m private lake. The four-level waterfall landscaped gardens is designed to insinuate the hillside contour. All these help to redefine the standard of villa-style living in Shenzhen. A total of 54 duplex villas and townhouses of Phase I were launched for sale in mid April 2015, offering accommodation between 338 and 666 sq m. As at the end of June 2015, about 80% of units have been sold.

Shenzhen New World Yi Shan Garden Phase III “The Hillswood” is located at Shatoujiao in Yantian District. The Wutong Mountain is at the northern doorstep of the project while to the south is full sea view of Hong Kong. Infused with joyous children sensibility and boundless imagination, the 32,000 sq m large-scale sloped landscape garden is a rarity in the area. “The Hillswood” comprises three 33-storey residential towers and two 43-storey ultra-high-rise towers. The penthouse duplex are the highest residences in the vicinity. The project offers 978 residential units ranging in size between 30 and 376 sq m, and sales launch is expected to be in the fourth quarter of 2015.

Shenzhen New World Yi Shan Garden Phase III "The Hillswood"



Shenzhen New World Yi Shan Garden Phase III "The Hillswood" children's facilities



Landscaping of Shenzhen New World Yi Shan Garden Phase III "The Hillswood"



BUSINESS REVIEW

FOSHAN

Highlights

In 2014, Foshan's GDP rose by 8.6% year-on-year to RMB760.3 billion. Total fixed asset investments of society grew annually by 15% to RMB261.2 billion.

Currently, Foshan speeded up the adjustment of industrial structure. The enabling policy for the province's technology transformation was actively implemented. Investments of RMB27.9 billion into industrial technology transformation were completed, representing a year-on-year increase of 23.7%. A total of 27 companies made their names onto the list of top 100 e-commerce businesses in Guangdong province. The Foshan (International) Furniture Expo Mall, Pingzhou Jade Street in Guicheng, and Lecong International Convention and Exhibition Center became National 4A scenic spots. The 10th China (Foshan) Machinery Exposition and the 7th China (Shunde) Industrial Design Expo were held successfully.

Canton International House (Left) and residential development (Right) of Canton First Estate



BUSINESS REVIEW

FOSHAN

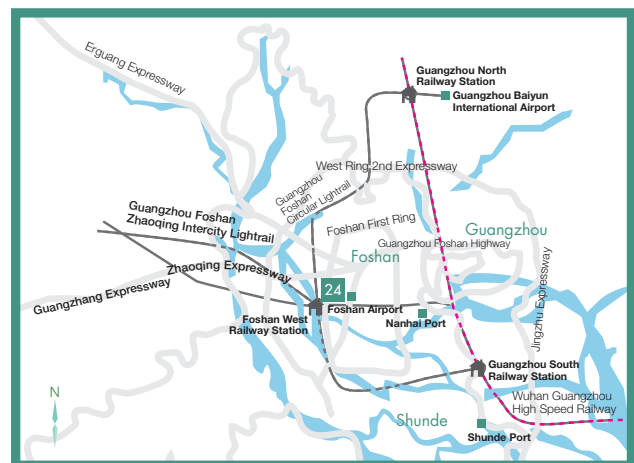
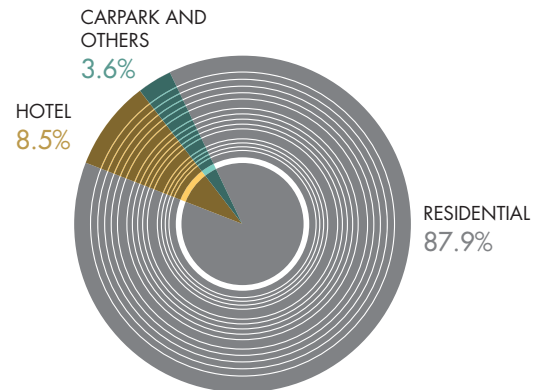
Foshan took strong initiative to develop its infrastructure. Construction of the Foshan West Railway Station, Foshan-Zhaoqing Intercity Railway and Phase II of Guangzhou-Foshan intercity subway accelerated. Preliminary work of the projects for Phase I of Subway Line 2 and Line 3 commenced.

PROPERTY PORTFOLIO

Canton First Estate is situated at the new centre of Greater Guangzhou, with the high speed railway Foshan West Railway Station located nearby and the geographical advantages brought by the intersection of Foshan Subway Lines 3, 4 and 8. This three million sq m international golf-themed lake and mountain community boasts a 730,000 sq m world-class golf course, 470,000 sq m forest, 330,000 sq m ecological lake and a 20-km long landscaped greenway around the lake. The project's Foshan Golf Club is the only club in southern China that has attained the international certificate conferred by the Golf Environment Organisation which is the most authoritative golf course certification organisation in Europe. In addition, it is the main venue for the European Tour in the next 10 years. Guangzhou Foshan World is a 100,000 sq m prestigious mixed development with Canton International House, Foshan Canton Residence, Heart of Guangzhou-Foshan Exhibition Centre, New World Foshan Hotel and offices. Canton International House and Foshan Canton Residence commenced operations in July 2015, showcasing the international quality living.

FOSHAN DEVELOPMENT PROPERTIES

One property with total GFA 1,008,387 sq m



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

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

Perspective of New World Foshan Hotel



During the year under review, 600 sq m single-detached villas “Tian Luan”, townhouses “Jun Lin Tian Xia” ranging in size from 380 to 460 sq m, and low-rise residences “The Graceful Lakeshore” ranging in size from 130 to 160 sq m were launched for sale concurrently. All of these properties have drawn high attention from customers in Guangzhou, Foshan and Hong Kong.

Golf Course of Canton First Estate



Villa of Canton First Estate



Villa showflat of Canton First Estate


**Foshan — completion schedule
of properties for sale**

	sq m
FY2017	
Canton First Estate Phase II (CF19B)	49,074
Canton First Estate Phase II (CF20)	86,617
Total	135,691

BUSINESS REVIEW

PEARL RIVER DELTA

Highlights

In 2014, the Pearl River Delta's GDP grew by 7.8% to RMB5,780 billion. Investments in newly signed projects in Nansha New District in Guangzhou exceeded RMB450 billion. A total of 30 company headquarters were set up in Nansha. A total of 7,363 enterprises also moved into Hengqin New District in Zhuhai. Investments in industrial and technological reform in the Pearl River Delta area exceeded RMB100 billion, representing a year-on-year increase of 34.2%.

Zhaoqing New World Garden "New World Canton Villa"



BUSINESS REVIEW

PEARL RIVER DELTA

As the comprehensive planning of the Pearl River Delta began, the technological innovation and integration of eco-safety in Pearl River Delta accelerated. The development plan of the Pearl River-Xi River Economic Belt was approved by the Central Government. Construction of the Guangdong-Guangxi Interprovincial Pilot Cooperation Special Zone accelerated.

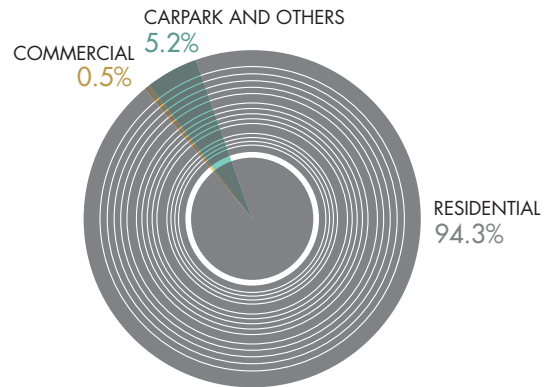
In November 2014, the Guangdong provincial government promulgated the “Pearl River Delta Area Action Plan for Logistics Integration (2014—2020)”, and proposed the construction of a three-hour logistics economic circle to form well established network of an integrated logistics system.

PROPERTY PORTFOLIO

Zhaoqing New World Garden is situated in Grade 4A Star Lake National Park and boasts top-notch views of the Star Lake. The project spans over an area of approximately 540,000 sq m, offering single-detached villas and residential units. The project includes a 5,000 sq m multifunctional and luxurious clubhouse. “New World Canton Villa”, which is currently launched for sale, offers single-detached lakeside villas ranging in size from 220 to 500 sq m. “Star Villa” provides residential units of 170 sq m. During the year under review, the first batch of “Xing Xi”, which includes garden-view two-to four-bedroom residential units ranging in size from 70 to 110 sq m, recorded an exceptional 80% sales rate on the first day of sales.

PEARL RIVER DELTA DEVELOPMENT PROPERTIES

Four major properties with total GFA 547,570 sq m



- Railway
- Expressway
- 25 Zhaoqing New World Garden
- 26 Huiyang Hu Xia Liao Project
- 27 Huiyang Palm Island Resort
- 28 Huizhou Changhuyuan
- 56 Shunde New World Centre
- 64 New World Shunde Hotel

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

Zhaoqing New World Garden



Located at the prime area of the city centre, Shunde New World Centre is a mature mixed-use property development and investment project. During the year under review, renovation of the project's shopping mall was completed and the tenant mix was optimised. The occupancy rate reached as high as 97% while the overall rental rate raised by 4%. The last residential tower on the podium of the project will be launched for sale in the first half of 2016, offering units ranging in size between 39 and 115 sq m.

**Pearl River Delta — completion
schedule of properties for sale**
sq m

FY2016

Zhaoqing New World Garden Phase III

Remaining Portion

75,523

Total

75,523

Shunde New World Centre



BUSINESS REVIEW

HAIKOU

Highlights

As the strategic fulcrum city of the nation's "21st Century Maritime Silk Road", Haikou's GDP reached RMB100.6 billion in 2014, achieving a year-on-year increase of 9.2%. Fixed asset investments reached RMB82.2 billion, representing an annual growth of 26.5%.

Consumer demand in Haikou continued to expand. With the establishment of the Qiongbai Tourism Transaction Platform, total direct income from tourism reached RMB14.2 billion, an increase of 18.2%. With the expansion of Offshore Duty-Free Shop at the Meilan Airport, total sales of duty-free goods reached RMB920 million, representing an increase of 52.5%.

Furthermore, Haikou is expediting its cooperation with Beibu Gulf and the Pan-Pearl River Delta area, putting the cooperation and coordination mechanism in the Pan-Beibu Gulfport into work. The city also facilitated the mega customs clearance cooperation among the "Three Locations and Seven Ports" of Hainan, Guangxi and Guangdong.

Haikou New World • Meilisha villa



BUSINESS REVIEW

HAIKOU

PROPERTY PORTFOLIO

Haikou New World • Meilisha Project is located at the core development area of the city and the coastal area in north western Haidian Island, surrounded by the sea on three sides. The project has a planned GFA of over two million sq m. Residential mix includes villas, low and high-rise residence and serviced apartments. Commercial amenities include hotel, K11 Art Mall and high-end wellness centre. There will also be six educational institutions, including high quality secondary and primary schools and kindergartens.

Haikou New World • Meilisha Project Phase I, “Joyful Bay” and “Wealthy Bay” were launched for sale in December 2013 and April 2015 respectively, these includes single-detached villas with size ranging from 406 to 570 sq m, and stacked duplex villas ranging in size from 266 to 270 sq m. Sales performance was satisfactory. Phase I “Peaceful Bay” offers low-density residential units ranging between 65 to 160 sq m. Presale began in February 2015 and drew enthusiastic market reaction.

Haikou New World • Meilisha villa


**Haikou — completion schedule
of properties for sale**

sq m

FY2017

Haikou New World • Meilisha Phase II
(#0102)

89,928

Total

89,928

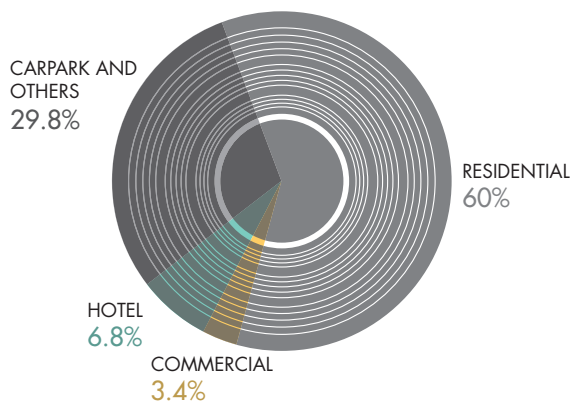
Perspective of Haikou New World • Meilisha Project





HAIKOU DEVELOPMENT PROPERTIES

One property with total GFA 2,561,635 sq m



- Bridge
- 29 Haikou New World • Meilisha
- 57 Haikou New World Garden

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year under review, the Mainland China property market saw a gradual improvement amid positive developments on the regulatory policy which aimed at reinforcing healthy long-term development of the property market and stimulating the slowing macro-economy at large. In the third quarter of 2014, progressive easing of austerity measures was introduced by various local governments including terminating or relaxing the purchase restriction policy, loosening mortgage restrictions by easing qualification for first-time homebuyers and relaxing loan terms for existing homebuyers. On 30 March 2015, the PBOC, the Ministry of Housing and Urban-Rural Development and the China Banking Regulatory Commission jointly issued the “Notice of Issues Concerning the Policies for Individual Housing Loans” (關於個人住房貸款政策有關問題的通知) and Ministry of Finance and State Administration of Taxation jointly issued the “Notice Concerning the Policy on Business Tax of Transfer of Residential Properties by Individual” (關於調整個人住房轉讓營業稅政策的通知) to support reasonable housing demand for improvement-type home purchases. Under these two directives, the minimum mortgage down payment requirement was lowered to 40% from the previous 60%–70% for the purchase of self-occupied ordinary residential units for the improvement of living conditions and business tax was exempted upon transfer for properties owned for more than two years. In addition, the PBOC had cut the benchmark lending interest rates four times and reduced reserve ratio requirement for commercial banks three times during the year under review, further easing the country’s monetary policy amid the pressure of descending macro-economy. On 26 August 2015, the PBOC announced a further cut of benchmark lending rates and deposits rate by 25 basis points to a record low of 4.6% since 2011, and reduction of reserve ratio requirement for financial institutions by 50 basis points.

According to the data announced by National Bureau of Statistics, the overall sales of commodity housing for the first six months to June 2015 had increased by 3.9% in GFA and increased by 10.0% in sales revenue amount compared to the corresponding period in 2014. Benefiting from the easing measures and loosening credit policies which helped to reinforce the underlying strength of the PRC property market and stimulate overall housing demand, the Group successfully accomplished its contracted sales target for FY2015 of RMB12.5 billion. During the year under review, the Group achieved contracted sales of approximately RMB15,426 million with contracted GFA sold of 1,090,891 sq m, representing a year-on-year increase of 4.3% and 7% in gross sales value and sales volume respectively. Included in the remaining contracted sales secured and to be recorded, approximately 582,648 sq m GFA with gross sales proceeds of approximately RMB5,334 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 FY2016.

For the year ended 30 June 2015, the Group’s core profit before revaluation, exchange difference, amortisation and impairment of intangible assets reported at HK\$2,624.60 million, representing a decrease of 41.3% from HK\$4,467.49 million recorded last year. The decrease in core profit was largely attributable to overall decrease in attributable operating profit (“AOP”) from property sales resulted from cyclical effect of recording sales arising from decrease in completion of GFA by 30% and decrease in gross profit margin of property sales by approximately 2.7 percentage points compared to last financial year. The Group’s profit attributable to shareholders posted at HK\$3,313.13 million, representing a decrease of 28.6% compared to FY2014. The decrease in profit attributable to shareholders was mainly due to aforementioned decrease in core profit which effect was mitigated by an increase in changes in fair value of investment properties compared to last year.

Analysis of attributable operating profit

	FY 2015 HK\$'000	FY 2014 HK\$'000
Property sales	2,936,533	5,002,263
Rental operation	559,083	543,106
Hotel operation	(262,998)	(238,330)
Property management services	(125,302)	(120,317)
Hotel management services	106,689	36,280
Other operations	3,085	(70,833)
AOP before finance costs and after taxation charge	3,217,090	5,152,169
Bank and other interest income — corporate	123,910	129,400
Deferred tax charge on undistributed profits	(63,000)	(175,622)
Corporate administrative expenses	(270,276)	(266,263)
Finance costs	(383,121)	(372,195)
AOP after corporate items	2,624,603	4,467,489
Changes in fair value of investment properties, net of deferred taxation	766,555	598,045
Gain on remeasuring previously held equity interests of joint ventures at fair value upon further acquisition as subsidiaries	—	67,257
Loss on disposal of associated companies	—	(2,486)
Amortisation of intangible assets	(54,692)	(54,427)
Impairment of intangible assets, net of deferred taxation	(56,375)	(91,892)
Net foreign exchange gains/(losses)	33,040	(345,295)
	688,528	171,202
Profit attributable to equity holders of the Company	3,313,131	4,638,691

Property sales

During the year under review, the Group's AOP from property sales operation recorded at HK\$2,936.53 million, representing a 41.3% decrease as compared to AOP from property sales of HK\$5,002.26 million achieved in FY2014. The overall recorded property sales volume of the Group for the year under review decreased by 39.5% comparing to the corresponding period last year to 855,414 sq m with recorded gross sale proceeds of approximately RMB13,068.30 million. The decrease in AOP from property sales was mainly resulted from decrease in volume of completed projects by 30% from last year's completion of 1,553,567 sq m to 1,089,163 sq m completed during the year under review and planned deferral in launching the sale of high-end villas in Shenzhen New World Signature Hill and high-rise residential units in Shenzhen New World Yi Shan Garden until after completion instead of pre-selling at construction stage in order to maximise their returns and benefits from tapping the rising trend of property prices in the region and executing pricing strategy with more flexibility for sales of completed units.

The Group's overall gross profit margin of 41.6% was 2.7% lower than gross profit margin recorded in FY2014. The decrease in overall gross profit margin was mainly due to difference in recorded sales mix of both years. The recorded property sales for the year under review was mainly from Tianjin Glorious Palace, Foshan Canton First Estate, Langfang New World Centre and Dalian New World Tower, which had relatively lower gross profit margin than property projects sold in last year which mainly included Guangzhou Park Paradise, Shenyang New World Garden, Beijing Xin Yi Garden office units, Guangzhou New World Oriental Garden and Guangzhou Covent Garden. Despite the decrease in overall gross profit margin, the Group's average selling price during the year under review recorded an increase of RMB3,252 per sq m to RMB16,937 per sq m, representing a 23.8% increase as compared to the average selling price achieved in the last financial year. The increase in average selling price was attributable to different product mix in recorded sales mix of both years among which the recorded sales for the year under review comprised villas from Shenzhen New World Signature Hill and Beijing New World Yuzhuang and high-end residential units from Guangzhou Central Park-view and Guangzhou Park Paradise.

MANAGEMENT DISCUSSION AND ANALYSIS

In FY2015, the Group has completed 14 property development projects for sale in Beijing, Langfang, Tangshan, Dalian, Tianjin, Chengdu, Changsha, Guangzhou, Foshan, Shenzhen, Zhaoqing and Haikou with a total GFA of 1,089,163 sq m, comprising 1,015,223 sq m of residential, 18,242 sq m of commercial properties, 25,609 sq m of office space and 30,089 sq m of resident carpark space.

Development property projects for sale completed in FY2015	Usage	Total GFA (sq m)	NWCL's interest
Beijing New World Yuzhuang (北京新世界•麗樽)	R, C, O	63,416	75%
Langfang New World Centre District B (廊坊新世界中心B區)	R, C	20,802	100%
Tangshan New World Centre Phase I (唐山新世界中心一期)	R, C	69,231	100%
Dalian New World Tower (大連新世界大廈)	R	76,230	100%
Tianjin Glorious Palace (天津新匯華庭)	R, P	105,201	100%
Chengdu New World Riverside Phase II (成都河畔新世界二期)	R	84,873	30%
Changsha La Ville New World Phase III C (長沙新城新世界三期C)	C, O, P	39,939	48%
Guangzhou Park Paradise Area 6 (廣州嶺南新世界六區)	R, C	146,762	100%
Guangzhou Xintang New World Garden Phase V C (廣州新塘新世界花園五期C)	R	85,114	63%
Canton First Estate Phase I (廣佛新世界莊園一期)	R	178,717	85%
Shenzhen New World Signature Hill (深圳新世界名鑄)	R	58,692	100%
Shenzhen New World Yi Shan Garden Phase III (深圳新世界倚山花園三期)	R	95,594	100%
Zhaoqing New World Garden Phase III (肇慶新世界花園三期)	R, P	36,307	100%
Haikou New World•Meilisha Phase I (#2) (海口新世界•美麗沙一期(#2))	R, P	28,285	100%
Total		1,089,163	

R: Residential
C: Commercial
O: Office
P: Carpark

Rental operation

During the year under review, the Group's AOP from rental operation recorded a moderate increase of 2.9% to HK\$559.08 million as compared to the last financial year. The increase in AOP from rental operation was mainly attributable to increase in AOP contributions from Shanghai Hong Kong New World Tower K11 Art Mall resulting from increase in occupancy rate and Wuhan New World International Trade Tower as a result of increase in average rental rate upon renewal of tenancy contract.

During the year under review, a total GFA of 155,221 sq m was added to the Group's investment properties portfolio with the completion of 67,111 sq m of commercial properties, 11,039 sq m of service apartment and 77,071 sq m of resident carpark space from investment projects located in Tianjin, Guiyang, Foshan, Langfang, Guangzhou, Shenzhen and Zhaoqing.

Hotel operation

During the year under review, the AOP from hotel operation recorded at a loss of HK\$263.00 million as opposed to a loss of HK\$238.33 million recorded in the corresponding period last year. The decrease in overall AOP from hotel operation was mainly due to the opening of New World Guiyang Hotel in September 2014 and which is still operating at initial stage and incurred pre-operating expenses, and decrease in AOP from New World Dalian Hotel resulting from decrease in occupancy rate and average room rate. The overall occupancy rate of the other six hotels of the Group had improved during the year under review comparing to the same period last year. The Central Government's continuing anti-corruption initiatives remained a great challenge to the Group's hotel operation.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

As downward pressure continues to drag down the economy of Mainland China, local governments began to relax curbing policies towards the real estate market since the third quarter of 2014. Currently, only first-tier cities such as Beijing, Shanghai, Guangzhou and Shenzhen are still strictly imposing home purchase restrictions. In March 2015, Premier Li Keqiang had no longer mentioned of the adjustment and control of the property market in his government work report. The words changed from last year's "curbing speculative investment demand" to "support people's demand for housing for personal use and of improvement nature, and promote the stable and sound development of the real estate market". In addition, the report raised that in the scope of housing support, physical housing and housing subsidies will be implemented side by side, and a portion of stockpiles will be transformed to public rental housing and resettlement housing.

Since the beginning of 2015, the PBOC continues to implement a prudent yet appropriately loose monetary policy, exercising flexibility in a number of monetary policy tools to maintain sufficient liquidity and performing timely pre-tuning and fine-tuning at appropriate levels. As policies to support growth in the property market were gradually implemented, home buyers' wait-and-see sentiments slowly turned to optimistic, with many speeding up their purchase decisions. In addition, home improvement demands and investment demands that have both been suppressed for a long time have now been released. Although from the second quarter of 2015 onwards, certain economic indicators such as home sales and social financing scale have returned to the upward path, downside risk still exists in the mainland's economy. In particular, the growth in fixed asset investments may continue to slow down. Amidst the downward pressure to the economy, the external landscape is still not optimistic. With the volatility in the mainland's stock market in the past few months, the Central Government may maintain a relatively loose monetary policy in the near future. However, the room for further monetary easing in the mainland will be subject to inflation trend, performance of the capital markets and changes in the monetary policies of the Federal Reserve Board of the United States in the future. In the short run, relatively loose monetary policy will, to a certain extent, drive and support the real estate market and fixed asset investments.

Looking ahead, the property markets of first-tier and some core second-tier cities are noticeably and certainly warming up. However, the stockpile pressure in some third- and fourth-tier cities remains high. Supply and demand will continue to be imbalanced. As such, it is believed that the Central Government will continue to uphold its principles of "classification guidance, localisation implementation". Based on the actual circumstances of various cities, the Central Government will roll out targeted and differentiated adjustment and control policies for the property market to actively promote its healthy development.

At the Fifth Plenary Session of the Central Committee of the Communist Party of China to be convened in the second half of 2015, the planning of the “13th Five-year Plan” will be discussed. This key roadmap, regarded as a symbol that the mainland is emerging as a super power, will be the utmost important economic matter in the mainland for the second half of the year. At present, there are large gaps in terms of the levels of economic development across various regions of the country. Long-term issues such as overcapacity and environmental pollution are yet to be resolved. Some analysts have pointed out that “rebalancing” the mode of economic development will be the keyword for the planning of the “13th Five-year Plan”. Under the principles of “rebalancing”, “One Belt, One Road” and “innovation-driven” will become two core strategies in the “13th Five-year Plan”. “One Belt, One Road” focuses on the late comers of development in western China. It strives to drive the development in the middle and western parts of the country by opening up to Eurasia, which in turn, can complete the objectives of industrial transfer and transformation. “Innovation-driven”, on the other hand, is the exit for Mainland China’s economic development in the future. The next five years will witness a large number of innovative and novel industries, and it will be an explosive period for emerging economic models. Therefore, while the mainland’s economy is still encountering many challenges in the short run, prospects in the medium and long term remain optimistic.

Currently, the Group has landbank of over 22.99 million sq m, covering over 20 first-, second- and third-tier cities in Mainland China, of which approximately 79% of residential floor area is located in first- and second-tier cities. Leveraging on the low-cost quality land bank and combining the Group’s sound financial position and brand advantage, it is believed that the future gross profit margin will maintain at optimal levels. Over the past few years, the Group has been actively focusing on a number of tasks. These include optimising its regional centralised procurement systems, product standardisation process, cost control as well as improving its asset turnover. A certain level of accomplishments has been made. In the future, the Group will continue to accelerate these kinds of work and actively address the “new norm” of the stable but fast economic growth in the mainland. Our direction will also be aligned with the constantly emerging new middle class of the mainland, offering them with excellent products, masterful designs and meticulously personalised services and bringing them the best lifestyle experience.

In FY2016, the Group plans to complete 12 property projects for sale with a total GFA of 1,254,982 sq m, comprising 1,047,432 sq m of residential, 80,261 sq m of commercial and 127,289 sq m of office space for sale. With increasing proportion of property projects to be completed in the next one or two years being located at second- and third-tier cities, the Group expects that the achievable overall gross profit margin from property sales will be maintained at the level of over 35%. It is anticipated that the contracted sales of FY2016 shall be about RMB16.5 billion accordingly.

MANAGEMENT DISCUSSION AND ANALYSIS

Properties for sale to be completed in FY2016	Usage	Total GFA (sq m)	NWCL's interest
Tangshan New World Centre Phase II (唐山新世界中心二期)	R, O	71,971	100%
Langfang New World Centre District A and C (廊坊新世界中心A區及C區)	R, C, O	238,800	100%
Langfang New World Garden District 3 (廊坊新世界花園三區)	R	101,319	100%
Shenyang New World Garden Phase I West District A (瀋陽新世界花園一期西區A)	C, O	43,906	100%
Anshan New World Garden Phase III A (鞍山新世界花園三期A)	R	84,087	100%
Wuhan Menghu Garden Phase III C (武漢夢湖香郡三期C)	R, C	30,008	100%
Chengdu New World Riverside Phase II 1A (成都河畔新世界二期1A)	R	134,783	30%
Yiyang New World Scenic Heights Phase I A and C (益陽新世界梓山湖畔一期A及C)	R, C	21,225	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R, C	94,992	100%
Guiyang Jinyang Sunny Town Phase II C (貴陽金陽新世界二期 C)	R	325,758	50%
Guiyang Jinyang Sunny Town Phase III A (貴陽金陽新世界三期 A)	R, C	29,748	50%
Zhaoqing New World Garden Phase III (肇慶新世界花園三期)	R, C	78,385	100%
Total		1,254,982	

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2015, the Group's cash and bank deposits amounted to HK\$15,773.67 million (30 June 2014: HK\$17,351.60 million).

During the year under review, the Company issued US\$900 million notes (equivalent to approximately HK\$6,993 million) and HK\$1,071 million notes at fixed rates ranging from 4.75% to 5.375% due in 2019 and 2022 respectively.

The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK\$29,391.25 million (30 June 2014: HK\$22,071.61 million), translating into a gearing ratio of 45.5% (30 June 2014: 36.0%). The gearing ratio is calculated on the basis of net debts over total equity.

The Group's borrowings from banks and fellow subsidiaries, liabilities of bonds and notes payable as at 30 June 2015 totalled HK\$43,029.32 million (30 June 2014: HK\$37,207.80 million) of which 19.9% were secured by way of charges over assets and 80.1% were unsecured.

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

	As at 30 June 2015 HK\$'million	As at 30 June 2014 HK\$'million
Repayable:		
Within one year	10,776.50	14,197.17
Between one and two years	5,738.10	11,045.35
Between two and five years	24,177.16	10,388.42
After five years	2,337.56	1,576.86
Total	43,029.32	37,207.80

As at 30 June 2015, the Group's committed unutilised bank loan facilities amounted to HK\$8,161.75 million (30 June 2014: HK\$3,002.13 million).

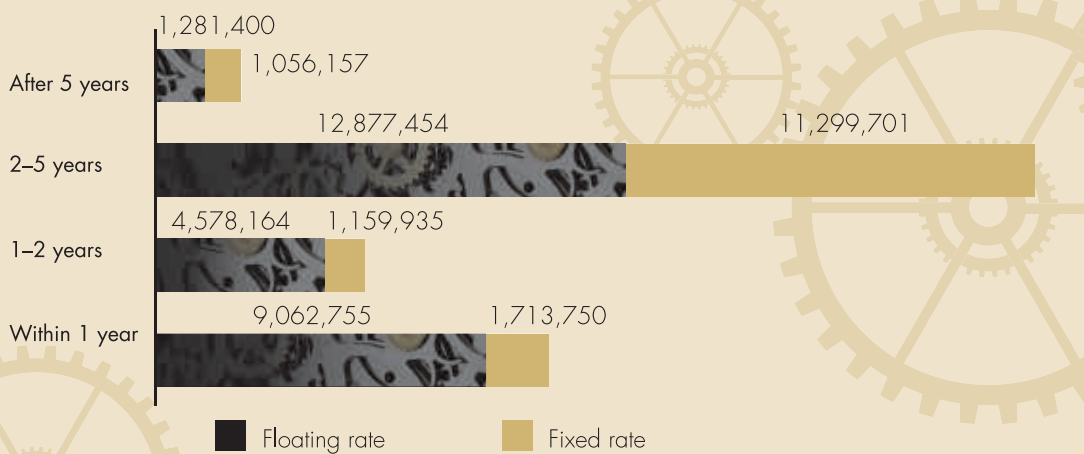
MANAGEMENT DISCUSSION AND ANALYSIS

Source of borrowings

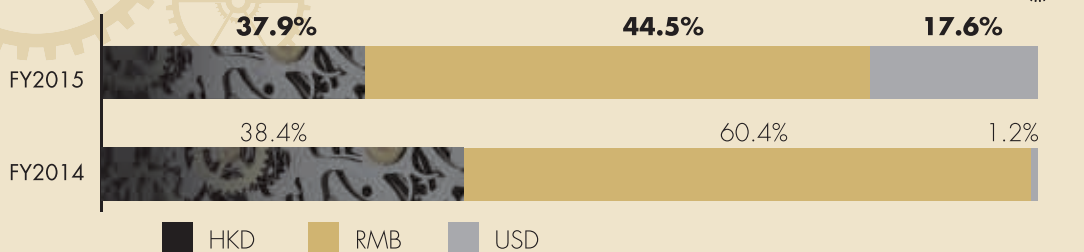


Interest rate and maturity profile

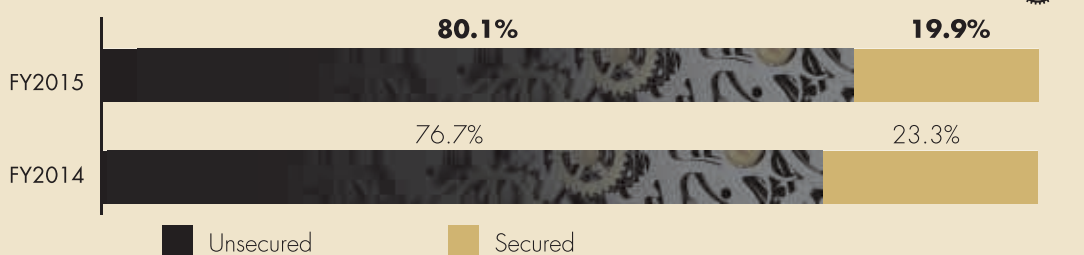
(HK\$'000)



Currency profile of borrowings



Nature of debt



Capital expenditure commitments

The capital expenditure commitments of the Group as at 30 June 2015 were HK\$4,718,499,000 (30 June 2014: HK\$3,459,794,000) of which HK\$4,611,133,000 (30 June 2014: HK\$3,200,856,000) were contracted but not provided for in the financial statements and HK\$107,366,000 (30 June 2014: HK\$258,938,000) were authorised but not contracted for. The sources of funding for capital commitments are internally generated resources and bank loan facilities.

Foreign currency exposure

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

CONTINGENT LIABILITIES

As at 30 June 2015, the Group has contingent liabilities of approximately HK\$3,202,816,000 (30 June 2014: HK\$2,734,066,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain joint ventures.

As at 30 June 2015, the Group has provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group and the Group's attributable portion of outstanding mortgage loans under these guarantees amounted to HK\$2,239,958,000 (30 June 2014: HK\$2,034,561,000).

DETAILS OF CHARGES ON GROUP'S ASSETS

As at 30 June 2015, the Group's property, plant and equipment, investment properties, land use rights, properties held for development and properties under development of HK\$1,316,473,000 (30 June 2014: HK\$1,382,166,000), HK\$5,425,703,000 (30 June 2014: HK\$5,448,689,000), HK\$248,728,000 (30 June 2014: HK\$256,165,000), HK\$1,051,715,000 (30 June 2014: HK\$923,335,000) and HK\$6,234,373,000 (30 June 2014: HK\$4,377,720,000) respectively have been pledged as securities for long term bank borrowings and short term borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

MAJOR ACQUISITION OR DISPOSAL

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

EVENT AFTER THE REPORTING DATE

On 3 July 2015, the New World Development (China) Limited (“NWDC”), a wholly owned subsidiary of the Group, entered into the Sales and Purchase Agreement with Chow Tai Fook Enterprises Limited to sell its entire equity interest in New World Hotel Management (BVI) Limited (“NWHM”) together with related outstanding shareholder’s loan and accrued interest due and owing by NWHM to NWDC for an aggregate cash consideration of HK\$1,963,000,000. Subject to fulfillment of several conditions precedent, the disposal is expected to be completed on or before 31 December 2015 at a gain of approximately HK\$844,000,000.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2015, the Group has 10,742 full-time employees. Total staff related costs incurred during the year under review were HK\$710.69 million (2014: HK\$638.57 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 believes that good corporate governance is an essential component of factors that contribute to the Company's long term sustainability and competitiveness. To enhance the Company's corporate governance standard, the Board is committed to developing a strong corporate governance framework that helps foster positive corporate culture that is conducive to sustainable business by adhering to the principles of effective management, internal control, accountability and fair disclosure with due regard to the benefit of the Company's stakeholders.

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 110 to 115 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.

CORPORATE GOVERNANCE REPORT

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 (2), and 3.10A of the Listing Rules with the appointment of four INEDs, which represents at least one-third of the Board, and having an INED with relevant professional qualifications or accounting or relating financial management expertise.

Three of the INEDs, namely Dr Cheng Wai-chee, Christopher, Hon Tien Pei-chun, James and Mr Lee Luen-wai, John, have served the Company in this capacity for more than nine years. 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.

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 fiscal year 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	Extraordinary General Meeting
Executive directors			
Dr Cheng Kar-shun, Henry (<i>Chairman</i>)	4/4	1/1	1/1
Mr Cheng Kar-shing, Peter	3/4	1/1	0/1
Dr Cheng Chi-kong, Adrian	4/4	1/1	1/1
Ms Cheng Chi-man, Sonia	4/4	1/1	1/1
Mr Cheng Chi-him, Conrad	3/4	0/1	0/1
Mr Fong Shing-kwong, Michael	3/4	0/1	0/1
Ms Ngan Man-ying, Lynda	4/4	1/1	1/1
Independent non-executive directors			
Dr Cheng Wai-chee, Christopher	4/4	1/1	0/1
Hon Tien Pei-chun, James	3/4	1/1	0/1
Mr Lee Luen-wai, John	4/4	1/1	1/1
Mr Ip Yuk-keung, Albert	4/4	1/1	1/1

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.

CORPORATE GOVERNANCE REPORT

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, Mr Cheng Kar-shing, Peter, Dr Cheng Chi-kong, Adrian and Ms Ngan Man-ying, Lynda as members. Meetings of the Executive Committee are held frequently as and when required.

(ii) Audit committee

The Audit Committee is responsible for the review and supervision of the Group's financial reporting process, internal controls and review of the Company's financial statements. The Audit Committee meets regularly with the Company's external auditors to discuss the audit process and accounting issues. Their written terms of reference 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.

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 final results of the Group for FY2014, the interim results for FY2014/2015 and reviewed and discussed the Report to the Audit Committee 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	1/2
Mr Lee Luen-wai, John	2/2
Mr Ip Yuk-keung, Albert	2/2

In September 2015, the Audit Committee reviewed and discussed with the management the final results and the report on internal control system of the Group for FY2015.

(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 meeting 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	1/1
Ms Ngan Man-ying, Lynda	1/1

(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, with due regard for the benefits of diversity on the Board. Details of the nomination procedures are available on the Company's website.

CORPORATE GOVERNANCE REPORT

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.

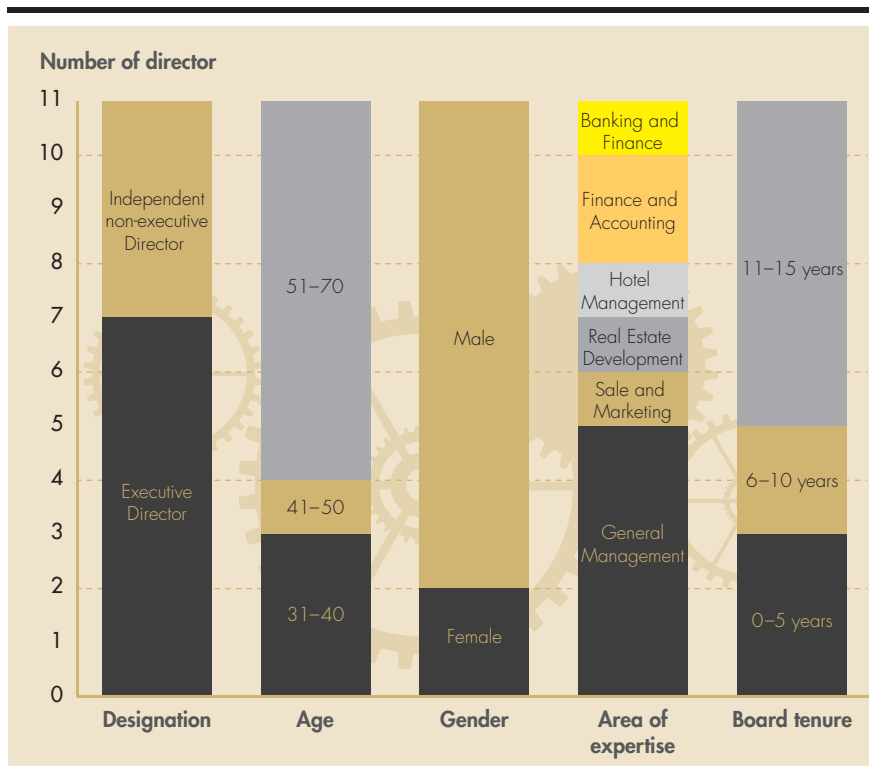
The Nomination Committee had reviewed for the fiscal year the structure, size, composition and diversity of the Board with due consideration to the appropriate balance of skill and experience required by the Company and had reviewed the independence of the independent non-executive directors of the Company having regard to the criteria as set out in Rule 3.13 of the Listing Rules. The Nomination Committee did not make any recommendation for any changes to the Board's composition during the fiscal year.

Board diversity policy

The Company has in place a board diversity policy (the "Policy") which set out the approach to achieve and maintain diversity on the Board in order to improve board effectiveness and decision-making.

Pursuant to the Policy, the Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to age, gender, educational background, professional experience, skill, knowledge, experience, length of service, diversity required on the Board based on current and projected future activities of the Company, and the extent to which the required skills, experience, expertise and diversity are represented on the Board. All appointments of the members of the Board will also be based on meritocracy while taking into account of the benefits of diversity.

An analysis of the Board's current composition is set out in the following chart:



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. 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.

During the year, the Company has arranged in-house training for the directors in the form of seminar and reading materials on the introduction to Competition Ordinance as part of the continuing professional development for directors. 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 2015 is as follows:

	Seminar/reading materials on the introduction to Competition Ordinance	Other trainings relevant to directors' profession and/ or duties
Executive directors		
Dr Cheng Kar-shun, Henry (<i>Chairman</i>)	✓	✓
Mr Cheng Kar-shing, Peter	✓	✓
Dr Cheng Chi-kong, Adrian	—	✓
Ms Cheng Chi-man, Sonia	✓	✓
Mr Cheng Chi-him, Conrad	✓	✓
Mr Fong Shing-kwong, Michael	✓	✓
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	✓	✓

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 REPORT

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 maintained 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.

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 152 to 153 of this annual report.

Internal control system

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

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

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

CORPORATE GOVERNANCE REPORT

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

External auditor's remuneration

The external auditor's remuneration charged to consolidated income statement of the Group for the year ended 30 June 2015 amounted to HK\$14,924,000 of which a sum of HK\$9,837,000 was paid to PricewaterhouseCoopers for its auditing services and of HK\$909,000 for non-auditing services. The non-auditing services comprised primarily of accounting, tax advisory and other related services.

COMMUNICATION WITH SHAREHOLDERS

The Company acknowledges the importance of communicating with shareholders, investors and the public. A shareholders' communication policy was adopted 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 2015.

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 independent board committee should be available to answer question at any general meeting to approve any transaction that requires independent shareholder's approval. Dr Cheng Wai-chee, Christopher, the Chairman of the Independent Board Committee, was not able to attend the extraordinary general meeting of the Company held on 30 June 2015 owing to other commitment. The other members of the Board who attended the said meeting had answered the questions raised by the attending shareholders 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 53 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

Convening of extraordinary general meeting and putting forward proposals

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

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

Enquiries to the Board

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

AMENDMENT OF THE COMPANY'S CONSTITUTIONAL DOCUMENTS

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

DIRECTORS' PROFILE



Chairman and Managing Director
Dr Cheng Kar-shun, Henry

GBS (Aged 68)

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 Executive Director of New World Development Company Limited, a substantial shareholder of the Company. He also acts as the Chairman and Executive Director of NWS Holdings Limited, Chow Tai Fook Jewellery Group Limited and International Entertainment Corporation. He is also the Chairman and Non-Executive Director of New World Department Store China Limited and Newton Resources Ltd, an Independent Non-Executive Director of HKR International Limited and Hang Seng Bank Limited, as well as a Non-Executive Director of SJM Holdings Limited, all being listed public companies in Hong Kong. He was a Non-Executive Director of Lifestyle International Holdings Limited, a listed public company in Hong Kong, up to his retirement on 4 May 2015. 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 Dr Cheng Chi-kong, Adrian and Ms Cheng Chi-man, Sonia, and the uncle of Mr Cheng Chi-him, Conrad.



Executive Director
Mr Cheng Kar-shing, Peter

(Aged 63)

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 is 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, both being listed public companies in Hong Kong. He was an Independent Non-Executive Director of Symphony Holdings Limited, up until his resignation on 15 December 2014. He is also 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. In addition, he is a Director of NWS Service Management Limited, New World Hotels (Holdings) Limited, Hip Hing Construction Company Limited and Polytown Company Limited. Mr Cheng is committed to community services and is serving as the Chairman of Chow Tai Fook Charity Foundation, the Chairman of Hong Kong Renal Centre Limited, the Chairman of The Welfare Fund Limited, the Vice-Chairman of Hong Kong Economic Exchange and a Director of Green Council. He is the Commissar of the Chinese People's Political Consultative Conference, Guangzhou City and the University Assembly member of University of Macau. Mr Cheng is a fellow member of the Hong Kong Institution of Engineers, Hong Kong Institute of Arbitrators and Hong Kong Construction Arbitration Centre. He is a CEDR Accredited Mediator and on the List of the Mediators of Hong Kong Mediation Accreditation Association Limited, Hong Kong International Arbitration Centre, Hong Kong Mediation Centre and Financial Dispute Resolution Centre. He is on the Panel of Arbitrators of South China International Economic and Trade Arbitration Commission/Shenzhen Court of International Arbitration and Huizhou Arbitration Commission, as well as a member of Society of Construction Law Hong Kong and The Chartered Institute of Arbitrators. He is the brother of Dr Cheng Kar-shun, Henry, the father of Mr Cheng Chi-him, Conrad as well as the uncle of Dr Cheng Chi-kong, Adrian and Ms Cheng Chi-man, Sonia.

Dr 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. Dr Cheng is the Executive Vice-Chairman 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. Dr Cheng worked in a major international bank prior to joining the New World Group in September 2006 and has substantial experience in corporate finance. Dr Cheng holds a Bachelor of Arts Degree (*Cum Laude*) from Harvard University and was conferred the Honorary Doctorate of Humanities by the Savannah College of Art and Design. 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 a Member of Board of the West Kowloon Cultural District Authority. Dr 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.



Executive Director
Dr Cheng Chi-kong, Adrian

(Aged 35)

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 chairman of the advisory committees of the School of Hotel and Tourism Management at The Chinese University of Hong Kong and member of the advisory committees of the School of Hotel & Tourism Management Industry at The Hong Kong Polytechnic University. She is a member of the Y. Elites Association, the Young Presidents' Organization, the Hong Kong United Youth Association and 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 Dr Cheng Chi-kong, Adrian and the cousin of Mr Cheng Chi-him, Conrad.



Executive Director
Ms Cheng Chi-man, Sonia

(Aged 34)

DIRECTORS' PROFILE



Executive Director
Mr Cheng Chi-him, Conrad
(Aged 36)

Mr Cheng was appointed as an Executive Director of New World China Land Limited in January 2010 and is acting as a director of certain subsidiaries of the Company. 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 and a Non-Executive Director of Greenheart Group Limited, both being listed public companies 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 Dr Cheng Chi-kong, Adrian and Ms Cheng Chi-man, Sonia.



Executive Director
Mr Fong Shing-kwong, Michael
(Aged 67)

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 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. 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 28 years of experience in auditing, accounting, business advisory and tax consultancy. Ms Ngan is the Company Secretary of New World China Land Limited.



Executive Director
Ms Ngan Man-ying, Lynda
 (Aged 49)

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. He is an Independent Non-Executive Director of Eagle Asset Management (CP) Limited (as manager of Champion Real Estate Investment Trust which is listed on the Hong Kong Stock Exchange). He is also an Independent Non-Executive Director of The Hongkong and Shanghai Banking Corporation Limited. Dr Cheng was an Independent Non-Executive Director of DBS Group Holdings Limited, a listed public company in Singapore, up until his resignation on 29 April 2013. Dr Cheng has a keen interest in the public services. He is currently a member of the Judicial Officers Recommendation Commission 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 holds a Doctorate in Social Sciences *honoris causa* from The University of Hong Kong and a Doctorate in Business Administration *honoris causa* from The Hong Kong Polytechnic University. He graduated from the University of Notre Dame, Indiana with a BBA degree, and from Columbia University, New York with an MBA degree.



Independent Non-Executive Director
Dr Cheng Wai-chee, Christopher
 GBS OBE JP (Aged 67)

DIRECTORS' PROFILE



Independent Non-Executive Director
Hon Tien Pei-chun, James

GBS JP (Aged 68)

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 very active in the community. Other than a legislative councillor, Mr Tien also sits on the general committee of the Hong Kong General Chamber of Commerce and is a court member of the Hong Kong Polytechnic University.



Independent Non-Executive Director
Mr Lee Luen-wai, John

BBS JP (Aged 66)

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 is a Fellow Member of The Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. 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 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 the Executive Director and Chief Executive Officer of the Trustee — Manager of Hong Kong listed Langham Hospitality Investments. Mr Ip is the Independent Non-Executive Director of AEON Credit Service (Asia) Company Limited, Hopewell Highway Infrastructure Limited, Hopewell Holdings Limited, Lifestyle International Holdings Limited, Power Assets Holdings Limited and TOM Group Limited, all being Hong Kong listed public companies. Mr Ip is also a Non-Executive Director of Eagle Asset Management (CP) Limited (as manager of Hong Kong listed Champion Real Estate Investment Trust).

Mr Ip is an international banking and real estate professional with 33 years of banking experience in Hong Kong, Asia and United States. He was North Asia Real Estate Head, Hong Kong Corporate Bank Head, Transaction Banking Head — Hong Kong and Asia Investment Finance Head (Global Wealth Management) of Citigroup. He was formerly a Managing Director of Citigroup and Managing Director of Investments in Merrill Lynch (Asia Pacific).

With a passion to serve in education, Mr Ip is an Adjunct Professor of Lingnan University and City University of Hong Kong. He is also a Council Member of Lingnan University, a Member of the International Advisory Committee at University of Macau, an Executive Fellow in Asia at Washington University in St. Louis and a Research Fellow of the Institute for Financial Economics of Singapore Management University. Mr Ip holds a Bachelor of Science degree at Washington University in St. Louis (summa cum laude) and Master of Science degrees at Cornell University and Carnegie-Mellon University. He was an MBA lecturer at University of Pittsburgh, USA. Mr Ip is an Honorary Fellow of Vocational Training Council. Mr Ip was appointed as a Member of Legal Aid Services Council in September 2014 and was appointed to the Board of Governors of the World Green Organisation effective from 2015.



Independent Non-Executive Director
Mr Ip Yuk-keung, Albert

(Aged 63)

SENIOR MANAGEMENT PROFILE



1 Yau Kwok-siu, Ronald

2 Wong Siu-man, Simon

3 Li Sau-lung

4 Chan Yiu-ho, Benny

5 Wong Wai-kong, Ray

6 Geng Shu-sen, Kenneth

7 Chan Chi-wing, Wingo

8 Ngan Man-ying, Lynda

9 Wong Seeyuen

10 Lau Chung-chun, Desmond

Yau Kwok-siu, Ronald

(Aged 52)



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 25 years' working and management experience in real estate development in Hong Kong and PRC. Mr Yau joined the New World Group in 2011.

Wong Siu-man, Simon

(Aged 46)



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 19 years of working experience in the property development sector in PRC. Mr Wong is the Standing Vice President of Hong Kong Chamber of Commerce in China — Wuhan, Director of Hong Kong Hubei Fraternity, Vice Chairman of Han Kong Association (H.K.), Vice Chairman of Wuhan Overseas Friendship Association, Vice Chairman of Wuhan Overseas Chamber of Commerce and Vice Chairman of Wuhan Chamber of Industries. Mr Wong joined the New World Group in 1996.

Li Sau-lung

(Aged 61)



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 31 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.

Chan Yiu-ho, Benny

(Aged 43)



Mr Chan is a Regional Chief Executive of the Group whose primary responsibility is to oversee the Group's projects in Shenyang. Mr Chan holds a Bachelor Degree in Business Administration from the Chinese University of Hong Kong, and has over 15 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 in Shenyang, and Vice Chairman of Hong Kong Chamber of Commerce in China — 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.



SENIOR MANAGEMENT PROFILE

Wong Wai-kong, Ray

(Aged 47)



Mr Wong is a Regional Chief Executive of the Group, responsible for overseeing the Group's projects in Changsha and Yiyang. He has ample experience in project operation management, engineering and design in the PRC. Mr Wong is the Vice Chairman of Hunan Association of Enterprises with Foreign Investment, a director of Architects Association of Hunan, the Honorary Vice Principal of New World Primary School of Shazitang Educational Group in Changsha, and has been acting as the Adjunct Professor as well as the off-campus MBA supervisor of Business School of Hunan University upon invitation since 2013. Mr Wong joined the New World Group in 1993.

Chan Chi-wing, Wingo

(Aged 53)



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 24 years of 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 17 years.

Geng Shu-sen, Kenneth

(Aged 52)



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, Huiyang), Haikou, Guiyang and Ningbo. 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 29 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.

Wong See-yuen

(Aged 58)



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 35 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, the Chengdu Executive Committee Chairman of Hong Kong Chamber of Commerce in China and the Executive Council Member of Chengdu Overseas Friendship Association. Mr Wong joined the New World Group in 2002.

Lau Chung-chun, Desmond

(Aged 68)



Mr Lau is a Regional Director — North Eastern China of the Group who primarily oversees the Group's projects in Shenyang and Anshan. Mr Lau has over 24 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 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.

陳

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金

張

CORPORATE SUSTAINABILITY

NWCL has always upheld its operation principles to maintain its competitiveness and profitability while committing to build a green community, as well as actively promote the concept of an environmentally friendly and quality living. The Group will continue to improve energy efficiency through optimising its architectural design and improving its operation measures, such that the environmental impact created from property development and business operation can be minimised.

During the year under review, the Group launched a variety of initiatives and organised a series of events to promote environmental education, staff development, sport, art and cultural exchange. At the same time, the Group has also made every effort to give back to the society. It has organised different voluntary services and donated charitably, envisioning to build a sustainable community with human touches from multiple directions.

Canton First Estate advocates low-carbon life

SUSTAINABILITY COMMITTEE

Sustainability at NWCL is executed by the Sustainability Committee. The Committee is responsible for the formulation, implementation, supervision, review and improvement of the Group's sustainability affairs. It is the organisation ultimately responsible for monitoring the Group's sustainability strategy.

ENVIRONMENT

NWCL places importance on environment protection, which is why the Group has been constantly identifying solutions to address environmental challenges that it may face. Through green construction designs, strengthened recognition on eco-friendly work and diversified activities, the Group brings the concept of environment protection to the community, introducing a green lifestyle to people.

Green building design

Green building design involves increasing energy efficiency within buildings, mitigating water use and encouraging the usage of environmentally friendly construction materials. As population growth places additional demands on the environment, green building design is one of the solutions that can effectively respond to housing demands and lower environmental impact.

Launched in 2014 for the first time, The *NWCL Green Building Design Guidelines* provide guidance and recommendations on green design features, choice of materials and best construction practices. The Guidelines also emphasise social engagement and the needs of residents. Designs such as barrier free access and urban farming projects are also considered.

Energy

The Group established the Energy Advisory Committee in June 2015 to monitor energy consumption, formulate energy conservation measures, as well as to collect and analyse energy consumption data of various businesses and departments. The Committee also sets up energy reduction targets and implementation plans for its projects. Wuhan Guanggu New World, for example, was designed with technology and low-carbon living as its core concept. In addition to installing LED lighting system in the carpark and common areas of the building, fresh air from outdoors is also redirected into the indoor area for better ventilation, which in turn reduces energy demands during seasonal transition. It is estimated that over 600,000 kWh of electricity has been saved per annum resulted from these measures.

Water resources

The Group makes every effort to improve its infrastructure facilities such that water can be conserved in the operation of its properties. The landscape and waterscape facilities at the Haikou New World • Meilisha Project, for instance, make use of a seawater circulation system, which is expected to conserve more than 1.13 million cbm of water each year, equivalent to more than 1,000 Olympic size swimming pools. Native plants are planted to reduce water demand.

Wuhan Guanggu New World is designed with technology and low-carbon living as its core concept



Haikou New World • Meilisha Project makes use of a seawater circulation system



CORPORATE SUSTAINABILITY

Guangzhou Central Park-view is conducting a pilot project on kitchen waste recycling



Waste

NWCL is an active advocate of waste reduction, a number of waste recycling and reusing measures are implemented at its properties. Waste separation bins are installed to encourage tenants and property owners to take part in sorting waste at source. Guangzhou Central Park-view hosted workshops to educate residents on appropriate waste sorting and promote an awareness of low-carbon lifestyle and environment protection. The project is also conducting a pilot project on kitchen waste recycling, which will turn treated kitchen wastes into water and carbon dioxide.

50% of wood used during construction is reused in Shenyang New World Commercial Centre Phase II



Materials

The Group takes a strong interest in minimising its impact on the environment during the construction process. Rocks and other materials generated during the excavation stage are reused as far as practicable. A notable example is Shenyang New World Commercial Centre Phase II, in which over 50% of wood used during construction was reused.

COMMUNITY

NWCL strives to propel the holistic development of the communities in which it operates. The Group does not only care for the needs of society, but also make it its goal to improve residents' quality of life. The Group uses different channels to reach the community and communicate with the public, bringing positive changes to the society.

Charitable donations

NWCL hopes to best utilise its charitable donations in order to bring about broader social and environmental benefit to the communities where it operates. The Group provides education opportunities to disadvantaged groups. A donation of RMB one million was made to Foshan Red Cross Hospital School to ensure that children recovering from illnesses can receive education while being hospitalised. The Group also entered into a cooperation agreement with Jinan Charity General Association and donated RMB one million to support university students of humble beginnings. The Group has also pledged to an annual donation of RMB100,000 for nurturing talents.

Volunteers visit children in Foshan Red Cross Hospital School



NWCL volunteers participated in farmhouse rebuild voluntary service



Workshop of "City Trace Memories – The Intangible Cultural Heritage of Hong Kong"



NWCL has sponsored "Festival Croisements" for 10 consecutive years



Community arts and culture

NWCL believes art and culture can make life better. As such, a series of events that take art into everyday living were rolled out. To promote public awareness on intangible cultural heritage, the Group organised a sculpture exhibition entitled "City Trace Memories – The Intangible Cultural Heritage of Hong Kong" and set up the installation art known as "Urban Cultural Typecase" in Hong Kong. Mr Lam Siu Ngong, the title owner of "Hong Kong King of Yuanyang Gold Medallist", was also invited to demonstrate his handfull skills of making "Yuanyang". "Yuanyang", a mixture of milk tea and coffee, is a symbol

CORPORATE SUSTAINABILITY

of East meets West uniqueness to Hong Kong. Moreover, NWCL has sponsored “Festival Croisements” of Wuhan for 10 consecutive years. The event is a combination of art, poetry, industrial production and other elements that aims at promoting the exchange of Chinese and French cultures.

Environment protection and education

NWCL believes that promoting the ideals of environmental conservation is the key to drive a sustainable lifestyle. Therefore, on top of exercising eco-friendly practices in day-to-day operation, the Group also envisions to spread green awareness to the public through education, such that positive impact can be brought to the local community and its environment. The event known as “Light Up Green Sense” has been organised for Shenyang and Tianjin, while Green Monday has been actively promoted to encourage the public in leading a low-carbon life. The NWCL Beijing Volunteer Team, on the other hand, is bringing primary school students on outdoors learning trips, such that they could understand more about the value and use of mangroves and other ecological systems. The concepts of environmental conservation are transmitted effectively.

Caring for disadvantaged groups

The Group works hard to give back to the society. It makes the best use of its resources according to the timing and circumstances. By joining up with charity organisations, events and activities that address different targets are organised. These include a charitable cookie campaign in Guangzhou, where the baked cookies are made by mentally disabled persons. Proceeds were donated to charitable groups to help children suffering from cancer. A disabled children sports game was also held in Shenyang as an active way to support the disadvantaged group.

Disabled children sports game held in Shenyang



“Light Up Green Sense” event encourages the public in leading a low-carbon life in Shenyang



Support sports development

The Group attaches high importance to sports development and believes that sports can nurture team spirit. The “6th NWCL Community Sports Carnival” was held in southern China and attracted participation of over 5,000 people. The first “Qianhai — Shenzhen — Hong Kong Athletics Carnival” was held to facilitate cultural exchanges between Shenzhen and Hong Kong. The Group envisions to unite the public through sports, such that we could work towards a common goal and the importance of sports and health can be publicised at the community level.



The first “Qianhai — Shenzhen — Hong Kong Athletics Carnival” is held to facilitate cultural exchanges between Shenzhen and Hong Kong

EMPLOYEE

NWCL regards staff development and engagement very highly. As the competence and professionalism of staff are one of the keys to the Group’s success, it has launched a series of policies and initiatives to promote job skills development and to create a fair work environment.

Establishing a welcoming work environment

The Group makes every effort to establish a welcoming work environment, in which employees are protected from any form of harassment or discrimination, where each staff can perform and exert their potentials. The Group has a fair set of recruitment and promotion rules in place to ensure that staff members enjoy the same recruitment and promotion opportunities regardless of their gender, age, or ethnicity. The Group has also formulated a fair compensation and benefit policy, while the staff’s code of conduct sets forth the expected professional standards in the workplace.



Mothers' Day Event held in Chengdu

Employee talent and professional development

NWCL takes a strong interest in the professional development of its employees. During the year under review, 136,655 hours of professional staff training were made available, covering the topics of business ethics and code of conduct, computer literacy, quality control, occupational health and safety, as well as language programmes. The Group also works hard to instil the



Regular professional trainings are organised in every region

CORPORATE SUSTAINABILITY

message that sustainability is crucial in daily operation through training programmes and seminars, ensuring that the whole workforce is aware of the concept of sustainability and has undertaken occupational safety training.

NWCL places importance on construction site safety



Occupational health and safety

The Group takes the overall well-being of its staff to its heart. It is an advocate of healthy lifestyle and it encourages employees to achieve work-life balance. The idea of occupational health is fused into the Group's day-to-day operation to safeguard the health and safety of its people. Seminars themed around disease prevention and healthy lifestyle are held on a regular basis and staff is encouraged to take up sports. There are also stress management courses and professional counselling to help employees unwind from any tension felt at work.

Staff and family caring

NWCL provides a range of benefits to its staff, including staff canteen, staff discount on property purchase, birthday leave and examination leave. To enhance employees' awareness on family life, the Group often organises various seminars, covering topics like child psychology and family health care. NWCL also extends its care to the families of its employees. Scholarships and internship programmes for staff's children are specially set up to facilitate the education and career development of employees' children.

Family activities are held to enhance employees' awareness on family life



Staff engagement and innovation

The Group also sees highly of staff input. The "LEAPING" work improvement group scheme is set up to encourage staff to explore new ideas, and to take part in the company's improvement and development. To strengthen inter-departmental communication and to help employees relax their body and mind, a staff recreation area is set up at the Group's Hong Kong headquarters to enhance employees' sense of belonging to the company. The southern China subsidiary hosted a leader training programme in Dunhuang of Gansu to build colleagues' confidence and to enhance team spirit.

Leader training programme in Dunhuang of Gansu is held to build team spirit



VALUE CHAIN

NWCL's endeavour to drive sustainability can create a positive impact on its suppliers. Its efforts are also able to create long-term value in environment protection, the community and the economy, which in turn brings the Group a wealth of opportunities.

Supply chain management

The Group has established comprehensive management procedures for its suppliers in the areas such as pollution control, waste and environmental management. There are also guidelines in the use and procurement of resources and materials in place to ensure that the relevant requirements are adopted in tenders and agreements. During the supplier selection process, the Group places high importance on occupational health and safety, as well as issues such as child labours and environmental protection. The Group has also formulated a *Supplier Code of Conduct*, emphasising that suppliers must comply with all relevant local and national laws and regulations. These

were in place to ensure that suppliers conform to the social, environment and ethical standards.

Quality management

To maintain its superior quality, the Group conducts reviews on its suppliers to ensure their legal and regulatory compliance. Furthermore, the Group regularly inspects the operation status of its various businesses. It also conducts sample checks from time to time to ensure that purchased materials comply with its standards. When the standards of products and service quality are comparable, the Group will give priority to local suppliers as a way to contribute to the local economy by increasing the demand for local offerings.

NWCL's endeavour to maintain superior quality of its products and services



CORPORATE SUSTAINABILITY

Ensuring customer health and safety

NWCL cares about customers' health and safety. As such, the Property Management Department oversees the day-to-day inspection, maintenance and repair of residential properties. The Southern China subsidiary, for example, has formulated a series of guidelines to safeguard residents' health, safety and well-being, with frontline employees trained to respond to contingencies. In addition, regular fire drills are also conducted to ensure that residents are aware of what to do in case of emergencies.

Attaching high importance to customer feedback

The Group actively listens to the voice of its customers and takes timely and effective measures to handle customer enquiries and complaints. The Property Management Department meets with residents regularly to collect their feedback for improving service quality.

The North Eastern subsidiary also conducts a monthly owners' survey to deepen their understanding about owners' needs.

NWCL Club

NWCL Club was founded in 2009, which is a membership programme of NWCL developments. With over 190,000 members across the country, NWCL Club is a platform where a stylish and sophisticated lifestyle is crafted. In addition to a diversified array of member-exclusive events, NWCL Club also collaborates with Chow Tai Fook Jewellery, New World Hotel, New World Department Store and K11 Art Mall to offer personalised services. During the year under review, NWCL Club teamed up with a young children's television channel and the young adult English training organisation Education First to organise the "International Young Leader Training Programme". The programme improved school children's language competence, and introduced them to golf and expanded their international horizons.

NWCL Club organises "International Young Leader Training Programme" to introduce children to golf





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Financial Summary



REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report and financial statements for the year ended 30 June 2015.

GROUP ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries, associated company and joint ventures are shown in note 44 to the financial statements.

FINANCIAL STATEMENTS

The results of the Group for the year ended 30 June 2015 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 154 to 246.

DIVIDENDS

The directors have resolved to recommend the payment of a final dividend of HK\$0.03 per share (2014: HK\$0.03 per share) in respect of the year ended 30 June 2015. As no interim dividend has been declared, the proposed final dividend will make a total distribution of HK\$0.03 per share (2014: HK\$0.07 per share) for the year. The proposed final dividend, if approved at the forthcoming annual general meeting of the Company, will be paid on or about Monday, 28 December 2015 to the shareholders whose names appear on the register of members of the Company on Wednesday, 25 November 2015.

SHARE CAPITAL

Details of the movements in the share capital during the year are set out in note 31 to the financial statements.

RESERVES

Details of the movements in reserves are set out in note 32 to the financial statements. Distributable reserves of the Company at 30 June 2015 amounted to HK\$20,851 million (2014: HK\$20,900 million).

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

The RMB4,300 million 8.5% bonds due 2015, which were issued by the Company and listed on The Stock Exchange of Hong Kong Limited, matured on 13 April 2015. Such bonds were fully redeemed by the Company at their principal amount on the said maturity date and there was no outstanding balance of such bonds at 30 June 2015.

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

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\$8,904,000 (2014: HK\$8,678,000).

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
Dr 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

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

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

PRE-EMPTIVE RIGHTS

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

REPORT OF THE DIRECTORS

DIRECTORS' INTEREST IN CONTRACTS

Save for contracts amongst group companies, 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 21 May 2012, a master services agreement ("NWD Master Agreement") was entered into between the Company and New World Development Company Limited ("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 2015 were as follows:

	Aggregate transaction values	Annual caps
	HK\$'000	HK\$'000
Services rendered by the NWD group to the Group	368,277	707,400
Services rendered by the Group to the NWD group	399,322	788,800

The NWD Master Agreement was automatically renewed in accordance with its terms and conditions for further three years from 1 July 2015 to 30 June 2018 with the passing of an ordinary resolution by the independent shareholders of the Company by way of poll at an extraordinary general meeting of the Company held on 30 June 2015. Details of the renewal of the NWD Master Agreement were set out in an announcement of the Company dated 13 May 2015 and in a circular dated 12 June 2015.

- (2) On 10 December 2012, a master contracting services agreement (“Master Contracting Services Agreement”) was entered into between the Company and Mr Doo Wai-hoi, William (“Mr Doo”) under which relevant members of the Group may enter into definitive agreements with companies controlled by Mr Doo which were engaging 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).

No transaction was recorded under the Master Contracting Services Agreement for the year ended 30 June 2015 (2014: HK\$198,188,000).

At the date of the Master Contracting Services Agreement, Mr Doo was a director of the Company and its certain subsidiaries, as well as an associate of certain directors of the Company, and hence a connected person of the Company under the Listing Rules. Details of the Master Contracting Services Agreement were set out in the announcement of the Company dated 10 December 2012.

- (3) On 27 June 2013, the Company entered into a master services agreement (“CTF Master Agreement”) with Chow Tai Fook Enterprises Limited (“CTF”). Pursuant to the 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 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.

The aggregate transaction values under the CTF Master Agreement for the year ended 30 June 2015 amounted to HK\$274,712,000 (2014: HK\$305,946,000), which were within the annual cap of HK\$459,000,000.

CTF is a substantial shareholder of NWD and is considered as a connected person of the Company. Details of the CTF Master Agreement were set out in the announcements of the Company dated 27 June 2013 and 28 March 2014.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS *(Continued)*

A. Master services agreements *(Continued)*

- (4) On 30 June 2014, the Company and Mr Doo entered into a master operational services agreement (“Master Operational Services Agreement”). Pursuant to the Master Operational Services Agreement, relevant members of the Group may enter into operational agreements with Mr Doo or any of the corporations controlled by Mr Doo or his family members in relation to the provision of construction, engineering and related operational services to the Group for an initial term of three years commencing from 1 July 2014.

The aggregate transaction values under the Master Operational Services Agreement for the year ended 30 June 2015 amounted to HK\$104,370,000 (2014: Nil), which were within the annual cap of HK\$412,000,000. The price and terms of the transactions conducted during the year had been determined in accordance with the pricing policies and guidelines set out in the announcement of the Company dated 30 June 2014 which contained details of the Master Operational Services Agreement.

Mr Doo was a director of the Company within the past twelve months preceding the date of the Master Operational Services Agreement and is an associate of certain directors of the Company and hence a connected person of the Company.

B. 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 relating to the use of gift vouchers to purchase goods at the stores of CTFJ and settlement of respective voucher value with rebates as well as the purchase of gold products by relevant members of the Group from CTFJ group, subject to the terms and conditions of each definitive agreement in compliance with those of the master purchase agreement with effect from 19 March 2013 for an initial term of three years. The gift vouchers and gold products will be provided to compliment the purchasers of properties of the Group as part of the marketing activities of the Group. Details of the master purchase agreement were set out in the announcement of the Company dated 19 March 2013.

The aggregate transaction values under the master purchase agreement for the year ended 30 June 2015 amounted to HK\$61,067,000 (2014: HK\$79,806,000), which were within the annual cap of HK\$259,400,000. 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.

The master purchase agreement was automatically renewed in accordance with its terms and conditions for further three years from 1 July 2015 to 30 June 2018. Details of the renewal of the master purchase agreement were set out in the announcement of the Company dated 8 May 2015.

C. Master sales agreement

On 27 June 2013, the Company entered into a master sales agreement (“Master Sales Agreement”) with New World Department Store China Limited (“NWDS”). Pursuant to the 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 various cash equivalent gift coupons, gift cards and stored value shopping cards to be issued by the Group, the prepaid shopping cards to be issued by NWDS group and purchased by the Group, or other payment means acceptable to the NWDS group for 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), subject to the terms and conditions in compliance with those of the Master Sales Agreement for a term of three years commencing from 1 July 2013. The Master Sales Agreement will facilitate smooth operation of the marketing plan of the Group with a view to promoting sales of the properties of the Group.

The aggregate transaction values under the Master Sales Agreement for the year ended 30 June 2015 amounted to RMB18,123,000 (2014: RMB24,496,000), which were within the annual cap of RMB25,000,000.

NWDS is a connected person of the Company by virtue of its being a subsidiary of NWD. Details of the Master Sales Agreement were set out in the announcement of the Company dated 27 June 2013.

D. Termination of lease agreement

On 28 November 2014, New World Development (Wuhan) Ltd. (“New World Wuhan”), an indirect wholly-owned subsidiary, entered into a termination agreement with Hubei New World Department Store Co., Ltd. (“NWDS Hubei”), a wholly-owned subsidiary of NWDS, to terminate the lease from New World Wuhan to NWDS Hubei in respect of the property situated at 1st Floor to 5th Floor, Wuhan New World Centre, No. 632 Jiefang Avenue, Qiaokou District, Wuhan, Hubei, the PRC and certain adjacent shops with an aggregate gross floor area of 42,000 square metres with effect from 1 December 2014 for a total consideration of RMB51,128,000 (subject to adjustment) which was payable by New World Wuhan as to RMB21,128,000 within 14 days from the effective date of the agreement and the balance would be payable within 14 days after handover of the property. The termination agreement was entered into by New World Wuhan for purposes of carrying out renovation of the property. Details of the termination agreement were set out in the announcement of the Company dated 28 November 2014.

The consideration was subsequently adjusted to RMB40,331,000 based on the agreed net book value of the subsisting refurbishment and enhancement work made by NWDS Hubei to the property as at 30 November 2014 in accordance with the terms of the termination agreement.

NWDS Hubei is a wholly-owned subsidiary of NWDS which in turn is a subsidiary of NWD. As such, NWDS Hubei is an associate of the connected person of the Company under the Listing Rules.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS *(Continued)*

E. Disposal

On 3 July 2015, New World Development (China) Limited (“NWDC”), a wholly-owned subsidiary, entered into a sale and purchase agreement with CTF pursuant to which NWDC conditionally agreed to sell and CTF conditionally agreed to acquire the entire issued share capital of, and the outstanding shareholder’s loans owing from, New World Hotel Management (BVI) Limited (“NWHM”) for a consideration of HK\$1,963,000,000, payable by CTF as to 20% on the date of the agreement and as to 80% on completion. NWHM is the holding company of certain companies which are principally engaged in the provision of hotel management services. Subject to completion of the disposal which was expected to take place on or about 31 December 2015, NWHM will cease to be an indirect wholly-owned subsidiary of the Company. The disposal will enable the Group to realise its investment in non-core business and focus its resources on the operation of its existing core businesses.

CTF is a connected person of the Company as mentioned in paragraph A(3) above. The disposal therefore constituted a connected transaction of the Company, details of which were set out in the announcement of the Company dated 3 July 2015.

F. Master hotel leasing agreement

On 3 July 2015, the Company entered into a master hotel leasing agreement (“Master Hotel Leasing Agreement”) with CTF. Pursuant to the Master Hotel Leasing Agreement, relevant members of the Group and relevant members of the CTF group may enter into definitive agreements in respect of the leasing of hotels and licensing of related licences to members of the CTF group, subject to the terms and conditions of each definitive agreement in compliance with those of the Master Hotel Leasing Agreement with effect from 3 July 2015 and which shall continue up to and including 30 June 2025 and can be renewed for a further term of 10 years. The purposes of entering into the Master Hotel Leasing Agreement are to enable the Group to streamline its hotel operation and strengthen further its foundation of rental operation which can generate a stable stream of rental income for the Group.

CTF is a connected person of the Company as mentioned in paragraph A(3) above. Details of the Master Hotel Leasing Agreement were set out in the announcement of the Company dated 3 July 2015.

G. Hotel agreements

Penta Hotels Germany GmbH (“PHGG”), which became an indirect wholly-owned subsidiary on 19 December 2013, entered into 24 hotel management agreements and 24 Licence and Royalty Agreements (collectively, the “Hotel Agreements”) with certain subsidiaries of CTF (“Hotel Owners”) between February 2007 and March 2013 in relation to the management by PHGG of the hotels owned by the Hotel Owners and grant by PHGG to the Hotel Owners of sublicences to use the “Penta” brand name in connection with the goods and services offered in the hotels. The Hotel Agreements between PHGG and the Hotel Owners constitute continuing connected transaction for the Company under the Listing Rules by virtue of the controlling interests of CTF in the Hotel Owners. The aggregate transaction values under the Hotel Agreements for the year ended 30 June 2015 amounted to HK\$18,349,000 (2014: HK\$8,547,000). The price and terms of the transactions conducted during the year had been determined in accordance with the pricing mechanism and terms set out in the announcement of the Company dated 19 December 2013 which contained details of the Hotel Agreements.

H. 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\$359,152,000 (2014: HK\$1,075,306,000) was effected.

I. Annual review of the continuing connected transactions

The independent non-executive directors of the Company had reviewed the continuing connected transactions arising from the master services agreements (paragraphs A(1) to (4) above), the master purchase agreement (paragraph B above), the master sales agreement (paragraph C above) and the Hotel Agreements (paragraph G above) for the financial year ended 30 June 2015 and confirmed that the transactions have been entered into :

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms or better; and
- (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders 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.56. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

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

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2015, the interests or short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

(A) Long position in shares

	Number of shares			Total	Percentage to the relevant issued share capital as at 30 June 2015
	Personal interests	Family interests	Corporate interests		
New World China Land Limited					
(Ordinary shares of HK\$0.10 each)					
Mr Cheng Kar-shing, Peter	755,961	—	—	755,961	0.01
Mr Fong Shing-kwong, Michael	1,856,895	—	—	1,856,895	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)					
Dr Cheng Kar-shun, Henry	—	600,000	—	600,000	0.01
Mr Cheng Kar-shing, Peter	—	506,545	—	506,545	0.01
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	0.80
Mr Cheng Kar-shing, Peter	286,626	—	5,787,369 ²	6,073,995	0.16
Mr Fong Shing-kwong, Michael	2,351,732	—	—	2,351,732	0.06
Dr Cheng Wai-chee, Christopher	2,644,155	—	—	2,644,155	0.07
New World Department Store China Limited					
(Ordinary shares of HK\$0.10 each)					
Ms Cheng Chi-man, Sonia	92,000	—	—	92,000	0.01
Sun Legend Investments Limited					
(Ordinary shares)					
Mr Cheng Kar-shing, Peter	—	—	500 ³	500	50.00

Notes:

1. These shares are beneficially owned by a company which is wholly-owned by Dr Cheng Kar-shun, Henry.
2. These shares are beneficially owned by a company which is wholly-owned by Mr Cheng Kar-shing, Peter.
3. These shares are beneficially owned by a controlled corporation of Mr Cheng Kar-shing, Peter.

(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		Exercise price per share HK\$	
			Balance as at 1 July 2014	Exercised during the year		
Dr Cheng Kar-shun, Henry	18 January 2011	1	2,077,922	–	2,077,922	3.036
Mr Cheng Kar-shing, Peter	18 January 2011	1	831,169	–	831,169	3.036
Dr Cheng Chi-kong, Adrian	18 January 2011	2	935,066	–	935,066	3.036
Mr Fong Shing-kwong, Michael	18 January 2011	1	449,481	(172,000) ³	277,481	3.036
Ms Ngan Man-ying, Lynda	18 January 2011	1	1,038,961	–	1,038,961	3.036
Dr Cheng Wai-chee, Christopher	18 January 2011	1	311,688	–	311,688	3.036
Hon Tien Pei-chun, James	18 January 2011	1	311,688	–	311,688	3.036
Mr Lee Luen-wai, John	18 January 2011	1	311,688	–	311,688	3.036
Total			6,267,663	(172,000)	6,095,663	

Notes:

1. Divided into 5 tranches, exercisable from 19 February 2011, 19 February 2012, 19 February 2013, 19 February 2014 and 19 February 2015, respectively to 18 February 2016.
2. Divided into 3 tranches, exercisable from 19 February 2013, 19 February 2014 and 19 February 2015, respectively to 18 February 2016.
3. The exercise dates were 8 April 2015, 9 April 2015 and 10 April 2015. On the trading date immediately before the exercise dates, the closing prices per share were HK\$5.02, HK\$5.09 and HK\$5.10, respectively.
4. 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 2015	Exercise price per share <i>note 3</i> HK\$
			Balance as at 1 July 2014	Adjusted during the year <i>note 3</i>	Exercised during the year		
Dr Cheng Kar-shun, Henry	19 March 2012	1	10,648,284	16,529	–	10,664,813	9.161
Mr Cheng Kar-shing, Peter	19 March 2012	1	532,413	825	–	533,238	9.161
Dr Cheng Chi-kong, Adrian	19 March 2012	1	3,726,898	5,785	–	3,732,683	9.161
Ms Cheng Chi-man, Sonia	19 March 2012	1	3,194,483	4,958	–	3,199,441	9.161
Mr Fong Shing-kwong, Michael	19 March 2012	2	1,866,942	1,806	(950,000)	918,748	9.161
Mr Lee Luen-wai, John	19 March 2012	1	532,413	825	–	533,238	9.161
Total			20,501,433	30,728	(950,000)	19,582,161	

Notes:

1. Divided into 4 tranches, exercisable from 19 March 2012, 19 March 2013, 19 March 2014 and 19 March 2015, respectively to 18 March 2016.
2. Divided into 3 tranches, exercisable from 19 March 2013, 19 March 2014 and 19 March 2015, respectively to 18 March 2016.
3. NWD declared final dividend for the year ended 30 June 2014 in cash (with scrip option) and interim dividend for the six months ended 31 December 2014 in cash (with scrip option) during the year. Accordingly, adjustments were made to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$9.176 to HK\$9.172 on 30 December 2014, and further to HK\$9.161 on 22 May 2015.
4. 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 <i>note 2</i> HK\$	
			Balance as at 1 July 2014	Granted during the year	Adjusted during the year <i>note 2</i>	Exercised during the year		Balance as at 30 June 2015
Dr Cheng Kar-shun, Henry	9 March 2015	1	—	7,400,000	1,080	—	7,401,080	14.158
Dr Cheng Wai-chee, Christopher	9 March 2015	1	—	1,400,000	204	—	1,400,204	14.158
Total			—	8,800,000	1,284	—	8,801,284	

Notes:

- 60% of the share options are exercisable from 9 May 2015 to 8 March 2020 while the remaining 40% of the share options are divided into two tranches, exercisable from 9 March 2016 and 9 March 2017, respectively to 8 March 2020.
- NWS declared interim dividend for the six months ended 31 December 2014 in cash (with scrip option) during the year. Accordingly, adjustments were made to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$14.160 to HK\$14.158 on 19 May 2015.
- 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)

(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 2015 were as follows:

Name of director	Amount of debentures issued by the Company				Percentage to the total debentures in issue as at 30 June 2015
	Personal interests	Family interests	Corporate interests	Total	
	RMB	RMB	RMB	RMB	
Mr Cheng Kar-shing, Peter	—	12,256,000 ¹	16,000,000 ²	28,256,000	0.30
Mr Fong Shing-kwong, Michael	12,256,000 ¹	—	—	12,256,000	0.13
Mr Ip Yuk-keung, Albert	—	3,064,000 ¹	—	3,064,000	0.03
Total	12,256,000	15,320,000	16,000,000	43,576,000	

Notes:

1. These debentures were issued in USD and had been translated into RMB using the rate of USD1 = RMB6.128.
2. These debentures are beneficially owned by a company which is wholly-owned by Mr Cheng Kar-shing, Peter.

(2) Fita International Limited

The following director has interest in the debentures issued by Fita International Limited ("Fita"), a wholly-owned subsidiary of NWD. Details of the debentures of Fita held by him as at 30 June 2015 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 2015
	Personal interests	Family interests	Corporate interests	Total	
	Mr Lee Luen-wai, John	1,000,000	1,000,000	—	

(3) NWD (MTN) Limited

The following director has interest in the debentures issued by NWD (MTN) Limited (“MTN”), a wholly-owned subsidiary of NWD. Details of the debentures of MTN held by him as at 30 June 2015 were as follows:

Name of director	Amount of debentures in USD issued by MTN			Total	Percentage to the total debentures in issue as at 30 June 2015
	Personal interests	Family interests	Corporate interests		
Mr Fong Shing-kwong, Michael	1,000,000	—	—	1,000,000	0.07

Save as disclosed above, as at 30 June 2015, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, the following directors are considered to have interests in the following 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 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
Dr 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	Director
Ms Cheng Chi-man, Sonia	NWD group of companies	Property development and investment as well as hotel operation in China	Director
Mr Cheng Chi-him, Conrad	Cheung Hung group of companies	Property investment and development	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
	Generic (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

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 2015, 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 2015
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTF") note 1	—	6,092,601,173	6,092,601,173	70.12
Cheng Yu Tung Family (Holdings II) Limited ("CYTF II") note 1	—	6,092,601,173	6,092,601,173	70.12
Chow Tai Fook Capital Limited ("CTFC") note 1	—	6,092,601,173	6,092,601,173	70.12
Chow Tai Fook (Holding) Limited ("CTFH") note 1	—	6,092,601,173	6,092,601,173	70.12
Chow Tai Fook Enterprises Limited ("CTF") note 2	—	6,092,601,173	6,092,601,173	70.12
New World Development Company Limited ("NWD") note 3	5,721,977,644	370,623,529	6,092,601,173	70.12

Notes :

1. CYTF and CYTF II hold 48.98% and 46.65% interest in CTFC, respectively. CTFC in turn owns 78.58% interest in CTFH which holds the entire interests in CTF. Therefore, CYTF, CYTF II, CTFC and CTFH are deemed to have interests in the shares in which CTF is deemed to be interested by virtue of its interests in NWD as mentioned in note 2 below.
2. CTF and its subsidiaries have interests in more than one-third of the issued shares of NWD and accordingly CTF is deemed to have an interest in the shares in which NWD is interested or deemed to be interested.
3. The number of shares held under the corporate interests of NWD includes 255,041,727 shares held by Easywin Enterprises Corporation Limited, its wholly-owned subsidiary, 22,508,064 shares held by Great Worth Holdings Limited, its 60.90% owned subsidiary, and 93,073,738 shares held by High Earnings Holdings Limited, its 61.32% 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 2015.

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 41,682,100 shares under the 2011 Share Option Scheme up to the date of this report. The Company may further grant share options to subscribe for 537,812,151 shares of the Company, representing approximately 6.19% 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	The exercise price shall be determined by the directors, being at least the higher of: <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 2015, 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 2015	Exercise price per share HK\$
	Balance as at 1 July 2014	Exercised during the year <i>note 2</i>	Lapsed during the year		
26 June to 23 July 2009	512,551	(504,529)	(8,022)	—	3.913
19 November to 16 December 2009	3,013	(1,533)	(1,480)	—	2.953
12 January to 2 February 2010	61,481	(58,338)	(3,143)	—	2.878
18 May to 14 June 2010	121,740	(121,740)	—	—	2.262
31 May to 25 June 2010	209,480	(170,000)	—	39,480	2.349
10 November to 7 December 2010	693,137	(99,859)	—	593,278	3.013
18 January to 14 February 2011	3,558,303	(1,398,803)	(166,233)	1,993,267	3.036
26 July to 22 August 2011	733,242	(216,000)	—	517,242	2.705
Total	5,892,947	(2,570,802)	(178,878)	3,143,267	

(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 2015	Exercise price per share HK\$
	Balance as at 1 July 2014	Granted during the year <i>note 3</i>	Exercised during the year <i>note 2</i>	Lapsed during the year		
3 May to 30 May 2012	4,071,680	—	(1,073,280)	(200,000)	2,798,400	2.450
22 October to 16 November 2012	448,700	—	(139,200)	(110,400)	199,100	3.370
7 January to 1 February 2013	3,824,100	—	(632,580)	(452,960)	2,738,560	3.880
2 April to 29 April 2013	1,933,990	—	(104,800)	(37,200)	1,791,990	3.350
24 June to 25 June 2013	1,168,400	—	(110,400)	(165,600)	892,400	2.762
15 October to 17 October 2013	1,749,900	—	(44,800)	(230,000)	1,475,100	4.010
9 January to 13 January 2014	3,739,440	—	(355,620)	(12,800)	3,371,020	3.970
10 July to 11 July 2014	—	1,266,000	(105,600)	(286,400)	874,000	4.720
23 October to 24 October 2014	—	1,132,000	(66,000)	(264,000)	802,000	4.420
11 March to 12 March 2015	—	10,896,400	(44,000)	—	10,852,400	4.968
8 May to 11 May 2015	—	914,000	—	—	914,000	5.420
Total	16,936,210	14,208,400	(2,676,280)	(1,759,360)	26,708,970	

Notes:

1. The share options are exercisable within five years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary years.
2. The weighted average closing 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\$4.879 and HK\$5.085, respectively.
3. The closing prices per share immediately before 10 July 2014, 23 October 2014, 11 March 2015 and 8 May 2015, the dates of offer to grant, were HK\$4.690, HK\$4.280, HK\$4.880 and HK\$5.310, respectively.

The fair values of the share options granted during the year with exercise prices per share of HK\$4.720, HK\$4.420, HK\$4.968 and HK\$5.420 are estimated at HK\$1.501, HK\$1.335, HK\$1.540 and HK\$1.704 each, respectively using the Binomial pricing model. Values are estimated based on the risk-free rate ranging from 1.17% to 1.40% per annum with reference to the rate prevailing on the Exchange Fund Notes, a five-year period historical volatility ranging from 37.94% to 40.52%, assuming dividend yield ranging from 0.57% to 1.68% 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 of the Group, 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 which was extended for further three years on 12 May 2015 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 loan facilities of HK\$920,000,000, HK\$530,000,000, HK\$1,000,000,000 and HK\$4,500,000,000 on 17 December 2012, 12 November 2014, 27 May 2015 and 11 June 2015, respectively for a term of three to five years.

On 28 May 2010 and 5 July 2010, Superb Wealthy Group Limited ("Superb Wealthy"), a wholly-owned subsidiary, was granted a five-year term loan facility of HK\$500,000,000 and a four-year term loan facility of HK\$700,000,000, respectively. It also obtained loan facilities of HK\$700,000,000 (revised to HK\$400,000,000 in August 2012) and HK\$100,000,000 for a term of four to five years on 28 September 2011 and 21 October 2011, respectively. It was further granted loan facilities of HK\$450,000,000, HK\$500,000,000 and HK\$630,000,000 on 7 May 2012, 30 July 2012 and 19 December 2012, respectively and loan facilities of HK\$600,000,000 and HK\$500,000,000 on 19 April 2013 and 24 May 2013, respectively for a term of three to four years. Moreover, loan facilities of HK\$1,000,000,000, USD64,100,000, HK\$300,000,000, RMB1,000,000,000, HK\$1,000,000,000 and HK\$500,000,000 for a term of three to five years were obtained by Superb Wealthy on 7 May 2014, 18 June 2014, 30 June 2014, 22 September 2014, 13 October 2014 and 12 November 2014, respectively. On 28 January 2015 and 15 April 2015, Superb Wealthy obtained three-year term loan facilities of HK\$200,000,000 and HK\$500,000,000 respectively. It further obtained loan facilities of HK\$1,000,000,000 and HK\$500,000,000 for a term of three to five years on 19 June 2015.

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. On 19 June 2012, New World China Finance (BVI) Limited ("NWCF"), a wholly-owned subsidiary, was granted loan facilities in an aggregate principal amount of up to HK\$1,200,000,000 and USD38,560,500 with a tenor of three years. It was further granted a three-year term loan facility of HK\$300,000,000 on 11 April 2014. New World Development (China) Limited ("NWDC"), a wholly-owned subsidiary, also obtained a 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 term 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 Group's general working capital requirement.

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, 23 September 2015

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

To the shareholders of New World China Land Limited

(incorporated in the Cayman Islands with limited liability)

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 154 to 246, which comprise the consolidated and company statements of financial position as at 30 June 2015, 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 predecessor Hong Kong Companies Ordinance (Cap. 32), 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 2015, 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 predecessor Hong Kong Companies Ordinance (Cap.32).

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 23 September 2015

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2015

	Note	2015 HK\$'000	2014 HK\$'000
Continuing operations			
Revenues	6	17,459,237	21,850,106
Cost of sales		(10,621,455)	(12,770,039)
Gross profit		6,837,782	9,080,067
Other income	7	733,019	1,359,585
Other gains/(losses), net	8	68,973	(111,898)
Changes in fair value of investment properties	17	899,117	616,122
Selling expenses		(799,553)	(737,786)
Administrative and other operating expenses		(1,400,936)	(1,249,934)
Operating profit before finance costs	9	6,338,402	8,956,156
Finance costs	10	(302,140)	(311,314)
Share of results of associated company and joint ventures		386,153	462,277
Profit before taxation		6,422,415	9,107,119
Taxation charge	13	(2,918,335)	(4,167,156)
Profit for the year from continuing operations		3,504,080	4,939,963
Discontinued operation			
Loss for the year from discontinued operation	24	(34,033)	(140,698)
Profit for the year		3,470,047	4,799,265
Profit attributable to:			
Equity holders of the Company			
From continuing operations		3,347,164	4,779,389
From discontinued operation		(34,033)	(140,698)
		3,313,131	4,638,691
Non-controlling interests		156,916	160,574
		3,470,047	4,799,265
Earnings per share			
Basic	14		
From continuing operations		38.53 cents	55.11 cents
From discontinued operation		(0.39) cents	(1.62) cents
		38.14 cents	53.49 cents
Diluted			
From continuing operations		38.51 cents	55.07 cents
From discontinued operation		(0.39) cents	(1.62) cents
		38.12 cents	53.45 cents
Dividends	15	260,681	607,713

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	2015 HK\$'000	2014 HK\$'000
Profit for the year	3,470,047	4,799,265
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Translation differences	(61,676)	(564,599)
Share of other comprehensive income of associated company and joint ventures	1,978	(83,077)
Other comprehensive income for the year	(59,698)	(647,676)
Total comprehensive income for the year	3,410,349	4,151,589
Total comprehensive income attributable to:		
Equity holders of the Company	3,258,178	3,999,840
Non-controlling interests	152,171	151,749
	3,410,349	4,151,589
Total comprehensive income attributable to equity holders of the Company arising from:		
Continuing operations	3,293,173	4,140,207
Discontinued operation	(34,995)	(140,367)
	3,258,178	3,999,840

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	2015 HK\$'000	2014 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	5,831,924	4,763,887
Investment properties	17	24,684,353	21,971,592
Land use rights	18	720,144	703,901
Intangible assets	19	91,030	1,895,952
Properties held for development	21	19,741,250	18,182,575
Associated company and joint ventures	22	15,598,108	14,309,144
Available-for-sale financial assets	25	735,860	85,147
		67,402,669	61,912,198
Current assets			
Properties under development	27	17,671,570	21,091,110
Completed properties held for sale	28	19,885,358	8,977,146
Hotel inventories, at cost		4,102	4,002
Prepayments, debtors and other receivables	29	11,275,453	10,881,917
Amounts due from related companies	30	301,943	577,025
Cash and bank balances, unrestricted	26	15,773,665	17,351,595
		64,912,091	58,882,795
Assets of disposal group classified as held for sale	24	2,112,780	—
Non-current assets reclassified as held for sale	23	—	131,138
		67,024,871	59,013,933
Total assets		134,427,540	120,926,131
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	31	868,877	868,335
Reserves	32	59,652,293	56,623,635
Proposed final dividend	32	260,681	260,547
		60,781,851	57,752,517
Non-controlling interests		3,836,900	3,566,137
Total equity		64,618,751	61,318,654

	Note	2015 HK\$'000	2014 HK\$'000
LIABILITIES			
Non-current liabilities			
Long term borrowings	33	34,388,409	25,226,035
Deferred tax liabilities	34	3,522,327	3,252,232
		37,910,736	28,478,267
Current liabilities			
Creditors and accruals	35	8,890,122	6,950,199
Deposits received on sale of properties		6,045,122	4,716,405
Amounts due to related companies	30	723,334	507,848
Short term loans	36	1,001,250	—
Current portion of long term borrowings	33	9,775,255	14,197,174
Amounts due to non-controlling interests	37	102,756	102,756
Taxes payable	38	4,432,361	4,654,828
		30,970,200	31,129,210
Liabilities of disposal group classified as held for sale	24	927,853	—
		31,898,053	31,129,210
Total liabilities		69,808,789	59,607,477
Total equity and liabilities		134,427,540	120,926,131
Net current assets		35,126,818	27,884,723
Total assets less current liabilities		102,529,487	89,796,921

Dr Cheng Kar-shun, Henry
Director

Mr Cheng Kar-shing, Peter
Director

STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	2015 HK\$'000	2014 HK\$'000
ASSETS			
Non-current asset			
Subsidiaries	20	46,336,267	40,751,213
Current assets			
Prepayments, debtors and other receivables	29	13,021	16,489
Amounts due from related companies	30	202,799	435,602
Cash and bank balances, unrestricted	26	4,148,864	5,241,629
		4,364,684	5,693,720
Total assets		50,700,951	46,444,933
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	31	868,877	868,335
Reserves	32	27,341,449	27,382,861
Proposed final dividend	32	260,681	260,547
Total equity		28,471,007	28,511,743
LIABILITIES			
Non-current liability			
Long term borrowings	33	20,261,349	10,860,351
Current liabilities			
Creditors and accruals	35	177,881	188,222
Amounts due to related companies	30	—	27
Current portion of long term borrowings	33	1,727,678	6,823,029
Taxes payable	38	63,036	61,561
		1,968,595	7,072,839
Total liabilities		22,229,944	17,933,190
Total equity and liabilities		50,700,951	46,444,933
Net current assets/(liabilities)		2,396,089	(1,379,119)
Total assets less current liabilities		48,732,356	39,372,094

Dr Cheng Kar-shun, Henry
Director

Mr Cheng Kar-shing, Peter
Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2015

	Note	2015 HK\$'000	2014 HK\$'000
Operating activities			
Net cash generated from operations	41(a)	762,133	3,733,208
Tax paid		(2,532,620)	(2,487,383)
Net cash (used in)/from operating activities		(1,770,487)	1,245,825
Investing activities			
Interest received		284,541	244,074
Dividend income from an available-for-sale financial asset		—	1,738
Dividend income from joint ventures		65,368	30,526
Additions to property, plant and equipment, land use rights and investment properties		(3,111,936)	(2,569,492)
Additions to available-for-sale financial assets		(650,713)	—
Increase in investments in associated company and joint ventures		(1,420,961)	(2,465,781)
Decrease in investments in associated company and joint ventures		762,841	549,018
Acquisition of subsidiaries	41(b)	—	(364,223)
Acquisition of additional interests in subsidiaries		—	(90,280)
Disposal of associated companies		—	93,934
Disposal of available-for-sale financial assets		—	23,310
Disposal of property, plant and equipment and investment properties		455,024	500,892
Net cash used in investing activities		(3,615,836)	(4,046,284)
Financing activities			
Interest paid		(2,432,825)	(1,060,961)
Increase in long term borrowings		8,697,886	9,006,059
Issue of notes		7,907,299	—
Repayment of long term borrowings		(5,618,961)	(5,543,262)
Repayment of bonds		(5,308,642)	—
Capital contribution from non-controlling interests		—	132,758
Issue of shares		17,284	59,320
Increase/(decrease) in short term loans		1,001,250	(253,846)
Repayment on advance from participating interest		—	(523,611)
Dividends paid		(260,554)	(694,027)
Dividends paid to non-controlling interests		(232)	(23,560)
Net cash from financing activities		4,002,505	1,098,870
Net decrease in cash and cash equivalents		(1,383,818)	(1,701,589)
Cash and cash equivalents at beginning of the year		17,351,595	19,337,202
Exchange differences on cash and cash equivalents		(29,091)	(284,018)
Cash and cash equivalents at end of the year		15,938,686	17,351,595
Analysis of cash and cash equivalents			
Unrestricted cash and bank balances	26	15,773,665	17,351,595
Unrestricted cash and bank balances attributable to a discontinued operation	24	165,021	—
		15,938,686	17,351,595

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	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 2014	868,335	56,884,182	57,752,517	3,566,137	61,318,654
Translation differences	—	(56,931)	(56,931)	(4,745)	(61,676)
Share of other comprehensive income of associated company and joint ventures	—	1,978	1,978	—	1,978
Other comprehensive income for the year	—	(54,953)	(54,953)	(4,745)	(59,698)
Profit for the year	—	3,313,131	3,313,131	156,916	3,470,047
Total comprehensive income for the year	—	3,258,178	3,258,178	152,171	3,410,349
Transactions with owners					
Contribution by and distribution to owners					
Issue of shares	542	16,742	17,284	—	17,284
Capital contribution from non-controlling interests	—	—	—	118,824	118,824
Share-based payments	—	14,426	14,426	—	14,426
Dividends paid	—	(260,554)	(260,554)	(232)	(260,786)
Total transactions with owners	542	(229,386)	(228,844)	118,592	(110,252)
Balance at 30 June 2015	868,877	59,912,974	60,781,851	3,836,900	64,618,751

	Attributable to equity holders of the Company			Non- controlling interests	Total equity
	Share capital	Reserves	Shareholders' funds		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 July 2013	866,360	53,482,386	54,348,746	3,354,883	57,703,629
Translation differences	—	(555,774)	(555,774)	(8,825)	(564,599)
Share of other comprehensive income of associated company and joint ventures	—	(83,077)	(83,077)	—	(83,077)
Other comprehensive income for the year	—	(638,851)	(638,851)	(8,825)	(647,676)
Profit for the year	—	4,638,691	4,638,691	160,574	4,799,265
Total comprehensive income for the year	—	3,999,840	3,999,840	151,749	4,151,589
Transactions with owners					
Contribution by and distribution to owners					
Issues of shares	1,975	57,345	59,320	—	59,320
Capital contribution from non-controlling interests	—	—	—	199,146	199,146
Share-based payments	—	12,920	12,920	—	12,920
Dividends paid	—	(694,027)	(694,027)	(23,560)	(717,587)
	1,975	(623,762)	(621,787)	175,586	(446,201)
Change in ownership interests in a subsidiary					
Acquisition of additional interests in a subsidiary	—	25,718	25,718	(116,377)	(90,659)
Acquisition of subsidiaries	—	—	—	296	296
Total transactions with owners	1,975	(598,044)	(596,069)	59,505	(536,564)
Balance at 30 June 2014	868,335	56,884,182	57,752,517	3,566,137	61,318,654

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 I, 18 Queen’s Road Central, Hong Kong.

The Company’s shares are 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.

On 3 July 2015, the Company announced that the Group had entered into the sale and purchase agreement with Chow Tai Fook Enterprises Limited, the substantial shareholder of NWD, to sell its entire interest in New World Hotel Management (BVI) Limited, its subsidiaries and a joint venture (collectively referred to as the “Disposal Group”) and the assignment and transfer of the shareholder’s loan for an aggregate consideration of HK\$1,963,000,000, receivable in cash (the “Disposal”).

Analysis of the results, cash flows, assets and liabilities of the Disposal Group is presented in note 24.

These financial statements have been approved for issue by the Board of Directors on 23 September 2015.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable requirements of the predecessor Hong Kong Companies Ordinance (Cap. 32). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets which have been measured at fair value.

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 revised standards, amendments to standards and interpretation

The Group has adopted the following revised standards, amendments to standards and interpretation which are relevant to the Group's operations and are mandatory for the financial year ended 30 June 2015:

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

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

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

The following new or revised standards and amendments to standards are mandatory for the accounting periods beginning on or after 1 July 2015 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2016:

HKFRS 14	Regulatory Deferral Accounts
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (Revised 2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Annual Improvements Project	Annual Improvements 2012–2014 Cycle

Effective for the year ending 30 June 2017 or after:

HKFRS 9 (2014)	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

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

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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. If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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 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.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the carrying amount for the purposes of subsequently accounting for the retained interest as associated companies, joint ventures or financial assets. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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) Joint ventures

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

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

Equity joint ventures/joint ventures in wholly foreign owned enterprises

Equity joint ventures/joint ventures in wholly foreign owned enterprises are joint ventures in respect of which the capital contribution ratios of the venturers are defined in the joint venture contracts and the profit sharing ratios and share of net assets of the 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.

Joint venture companies limited by shares

Joint venture 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's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill.

The Group's investment in joint venture include the loans and advances to the joint venture which, in substance, form part of the Group's investment in the joint venture. The loans and advances to the joint venture are a form of commercial arrangement between the parties to the joint venture to finance the development of projects and viewed as a means by which the Group invests in the relevant projects. These loans and advances have no fixed repayment terms and will be repaid when the relevant joint venture has surplus cash flow.

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

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

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 joint venture, in which the Group has significant influence, but not control, 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 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 the consolidated statement of 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 legal and constructive 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 arising on acquisition of subsidiaries is included in intangible assets. 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 joint ventures and fair value of the non-controlling interest in the acquiree. Goodwill on acquisitions of joint ventures and associated companies is included in interests in joint ventures and associated companies. 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. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(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) Non-current assets or disposal groups reclassified as held for sale and discontinued operation

Non-current assets or disposal groups are reclassified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. Investment properties classified as non-current assets held for sale are stated at fair value at the end of the reporting period.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business.

When an operation is classified as discontinued, a single amount is presented in the income statement, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal groups constituting the discontinued operation.

(d) 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(g)(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.

(e) Land use rights

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

(f) 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 was 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.

Subsequent expenditure is included in the carrying amount of the asset 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. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

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.

If a property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognised in equity as a revaluation of property, plant and equipment. However, if the fair value of the property at the date of transfer which results in a reversal of the previous impairment loss, the write-back is recognised in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(g) 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 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 until such time when the relevant assets are completed and available for intended use.

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

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

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

(iii) Gain or loss on disposal

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

(h) Impairment of investments in subsidiaries, joint ventures, 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 of disposal 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, joint ventures or associated companies is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, joint venture 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.

(i) 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. Assets in the category are classified as current assets are expected to be settled within 12 months; otherwise, they are classified as non-current.

(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.

NOTES TO THE FINANCIAL STATEMENTS

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(i) Investments *(Continued)*

(iv) Available-for-sale financial assets

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

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

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

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

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

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

NOTES TO THE FINANCIAL STATEMENTS

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(o) Trade and other receivables

Trade and other receivables 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

(u) 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, joint ventures 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, joint ventures 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.

NOTES TO THE FINANCIAL STATEMENTS

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(v) 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(w), 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.

(w) 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.

(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 the PRC are expensed as incurred. Contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions, where applicable.

(iv) Equity-settled share-based compensation

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

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

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

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

(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 dollars to facilitate analysis of financial information by the holding company.

(ii) Transactions and balances

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

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

(iii) Group companies

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

- (1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the end of that reporting period;
- (2) income and expenses for each income statement are translated at average exchange rates; and
- (3) all resulting exchange differences are recognised as a separate component of equity.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(y) Foreign currencies *(Continued)*

(iii) Group companies *(Continued)*

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 joint ventures 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.

(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) 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.

(iii) Hotel operation income

Hotel operation income is recognised when services are rendered.

(iv) Property management services fee income

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

(v) Project management fee income

Project management fee income is recognised when services are rendered.

(vi) Hotel management services fee income

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

(vii) 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.

(viii) 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.

(ix) Trademark fee income

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

(x) Dividend income

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

(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 a 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 2015, the Group's entities with functional currency of Renminbi had net monetary liabilities denominated in Hong Kong dollar of HK\$15,728,850,000 (2014: HK\$13,412,391,000) and net monetary liabilities denominated in United States dollar of HK\$7,244,443,000 (2014: net monetary assets HK\$1,028,871,000) 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\$1,148,665,000 (2014: HK\$619,176,000) 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. 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. 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\$2,672,000 (2014: HK\$8,262,000) 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, trade and other receivables and balances receivable from related companies. 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. Trade receivables and amounts due from related companies mainly include receivables from sale and lease of properties, property and project management services 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 company and joint ventures through exercising control or influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis.

The Group provides guarantees to banks in connection with certain property purchasers' mortgage loans for financing their purchase of the properties until the issuance of the official property title transfer certificates by the relevant authority in the PRC. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the purchasers' deposits and sell the properties to recover any amounts paid by the Group to the bank. Therefore the Group's credit risk is significantly reduced. Nevertheless, the net realisable values of the relevant properties are subject to the fluctuation of the property market in general, the Group assesses at the end of each reporting period the potential liabilities based on the current estimates of future cash flows. As at 30 June 2015, no provision has been made in the financial statements (2014: Nil).

NOTES TO THE FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION *(Continued)***(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 2015, the Group's unutilised committed bank loan facilities amounted to HK\$8,162 million (2014: HK\$3,002 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	Total contractual undiscounted cashflow	Within 1 year	Over 1 year but within 5 years	After 5 years
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30 June 2015					
Creditors and accruals	8,708,785	8,708,785	7,907,162	780,694	20,929
Amounts due to associated company and joint ventures	601,960	601,960	601,960	—	—
Amounts due to group companies	121,197	121,197	121,197	—	—
Amounts due to companies owned by a director	2,834	2,834	2,834	—	—
Amounts due to non-controlling interests	102,756	102,756	102,756	—	—
Short term loans	1,001,250	1,064,347	1,064,347	—	—
Long term borrowings	44,163,664	50,871,659	12,889,326	34,186,248	3,796,085
At 30 June 2014					
Creditors and accruals	6,682,667	6,682,667	5,854,144	819,326	9,197
Amounts due to associated company and joint ventures	371,919	371,919	371,919	—	—
Amounts due to group companies	135,962	135,962	135,962	—	—
Amounts due to companies owned by a director	2,669	2,669	2,669	—	—
Amounts due to non-controlling interests	102,756	102,756	102,756	—	—
Long term borrowings	39,423,209	44,700,675	16,628,462	24,780,550	3,291,663

Company

	Carrying amount HK\$'000	Total contractual undiscounted cashflow HK\$'000	Within 1 year HK\$'000	Over 1 year but within 5 years HK\$'000	After 5 years HK\$'000
At 30 June 2015					
Creditors and accruals	177,881	177,881	177,881	—	—
Long term borrowings	21,989,027	25,115,322	3,431,167	16,668,944	5,015,211
At 30 June 2014					
Creditors and accruals	188,222	188,222	188,222	—	—
Long term borrowings	17,683,380	19,063,179	7,615,633	7,361,800	4,085,746

(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, joint ventures and associated company 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 2015 and 2014 were as follows:

	2015 HK\$'000	2014 HK\$'000
Consolidated total borrowings	45,164,914	39,423,209
Less: cash and bank balances	(15,773,665)	(17,351,595)
Consolidated net debt	29,391,249	22,071,614
Total equity	64,618,751	61,318,654
Gearing ratio	45.5%	36.0%

The increase in gearing ratio at 30 June 2015 was primarily due to increase in net debt for funding the capital expenditure for investment properties under development, property, plant and equipment under construction and properties under development.

NOTES TO THE FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION *(Continued)*

(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 2015 and 30 June 2014.

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 2015 and 30 June 2014.

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

The unobservable inputs were used to determine the fair value of the available-for-sale financial assets included in level 3 including development costs and developer's profit of the proposed property development project assuming completed as at the date of valuation.

The following table presents the Group's financial instruments that are measured at fair value at 30 June 2015 and 2014:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2015				
Unlisted investment classified as available-for-sale financial assets	—	—	735,860	735,860
At 30 June 2014				
Unlisted investment classified as available-for-sale financial assets	—	—	85,147	85,147

The following table presents the changes in level 3 instruments for the year ended 30 June 2015 and 2014:

	Available-for-sale financial assets	
	2015 HK\$'000	2014 HK\$'000
At beginning of the year	85,147	108,457
Additions	650,713	—
Disposals	—	(23,310)
At end of the year	735,860	85,147

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

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

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

(c) Income taxes

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

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

(d) Estimated useful lives and impairment of property, plant and equipment

Property, plant and equipment are long-lived but may be subject to technical obsolescence. The annual depreciation charges are affected by the estimated useful lives that the Group allocates to each type of property, plant and equipment. Management performs annual reviews to assess the appropriateness of the estimated useful lives. Such reviews take into account the technological changes, prospective economic utilisation and physical condition of the assets concerned.

Management also regularly reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of an asset is higher than its recoverable amount which is the greater of its net selling price or its value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. Management estimates the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business.

(e) Recoverability of prepayments, debtors and other receivables

The Group assesses whether there is objective evidence as stated in notes 3(h) and 3(o) that prepayments, debtors and other 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, debtors and other receivables will impact the amount of impairment required.

(f) 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, revenue from rental and hotel operation, property management services fee income, project management fee income and contracting services income.

	2015 HK\$'000	2014 HK\$'000
Sale of properties	15,172,392	19,706,194
Rental income	828,864	792,868
Income from hotel operation	388,987	352,538
Property management services fee income	507,799	424,999
Project management fee income	120,607	94,405
Contracting services income	440,588	479,102
	17,459,237	21,850,106

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, rental operation, hotel operation, property management services operations and hotel management services operations. Other operations include contracting services and ancillary services in property projects.

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

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

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

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

During the year ended 30 June 2015, the consolidated results of the hotel management services are presented as discontinued operation in accordance with HKFRS 5 "Non-current Assets Held for Sales and Discontinued Operations". Prior year comparative segment information has been restated to conform with the current year presentation accordingly.

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 years ended 30 June 2014 and 30 June 2015, there was no revenue derived from a single external customer exceeding 10% of total revenue.

Year ended 30 June 2015	Continuing operations					Discontinued operation		
	Property sales	Rental operation	Hotel operation	Property management services	Other operations	Sub-total	Hotel management services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenues								
Company and subsidiaries								
Total revenues	15,429,949	871,109	388,987	637,629	443,046	17,770,720	696,921	18,467,641
Inter-segment revenues	(136,950)	(42,245)	–	(129,830)	(2,458)	(311,483)	(23,741)	(335,224)
External revenues	15,292,999	828,864	388,987	507,799	440,588	17,459,237	673,180	18,132,417
Associated company and joint ventures – attributable to the Group	1,167,664	468,954	171,254	105,255	–	1,913,127	–	1,913,127
	16,460,663	1,297,818	560,241	613,054	440,588	19,372,364	673,180	20,045,544
Segment bank and other interest income	113,534	12,614	671	1,988	826	129,633	823	130,456
AOP before finance costs and after taxation charge								
Company and subsidiaries	2,653,053	336,965	(130,481)	(113,659)	(8,066)	2,737,812	106,689	2,844,501
Associated company and joint ventures	283,480	222,118	(132,517)	(11,643)	11,151	372,589	–	372,589
	2,936,533	559,083	(262,998)	(125,302)	3,085	3,110,401	106,689	3,217,090
Additions to non-current assets other than financial instruments	5,202,434	2,072,906	535,854	6,214	431,049	8,248,457	5,081	8,253,538
Depreciation and amortisation	90,092	5,860	207,193	4,293	1,307	308,745	60,625	369,370
Impairment of intangible assets	–	–	–	–	–	–	56,375	56,375
Share of results of associated company and joint ventures	138,152	401,003	(145,359)	(11,643)	4,000	386,153	–	386,153

NOTES TO THE FINANCIAL STATEMENTS

6. REVENUES AND SEGMENT INFORMATION *(Continued)*

As at 30 June 2015	Property					Total HK\$'000
	Property sales	Rental operation	Hotel operation	management services	Other operations	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment assets	79,064,918	26,638,864	3,974,571	333,206	1,493,800	111,505,359
Associated company and joint ventures	6,516,546	9,006,784	156,800	(84,424)	2,402	15,598,108
Available-for-sale financial assets						735,860
Property, plant and equipment at corporate office						8,868
Prepayments, debtors and other receivables at corporate office						13,708
Amounts due from related companies at corporate office						202,793
Cash and bank balances at corporate office						4,250,064
Assets of disposal group classified as held for sale						2,112,780
Total assets						134,427,540
Segment liabilities	14,944,497	298,539	105,387	298,141	91,789	15,738,353
Creditors and accruals at corporate office						212,814
Taxes payable						4,242,528
Borrowings						45,164,914
Deferred tax liabilities						3,522,327
Liabilities of disposal group classified as held for sale						927,853
Total liabilities						69,808,789

Year ended 30 June 2014	Continuing operations						Discontinued operation	
	Property sales	Rental operation	Hotel operation	Property management services	Other operations	Sub-total	Hotel management services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenues								
Company and subsidiaries								
Total revenues	19,800,599	819,576	352,538	546,971	482,409	22,002,093	553,578	22,555,671
Inter-segment revenues	—	(26,708)	—	(121,972)	(3,307)	(151,987)	(23,829)	(175,816)
External revenues	19,800,599	792,868	352,538	424,999	479,102	21,850,106	529,749	22,379,855
Associated company and joint ventures – attributable to the Group								
	2,216,784	469,967	137,708	99,909	—	2,924,368	—	2,924,368
	22,017,383	1,262,835	490,246	524,908	479,102	24,774,474	529,749	25,304,223
Segment bank and other interest income								
	100,013	36,263	560	2,213	1,165	140,214	4,138	144,352
AOP before finance costs and after taxation charge								
Company and subsidiaries								
	4,341,404	351,091	(87,039)	(110,568)	(79,290)	4,415,598	36,280	4,451,878
Associated company and joint ventures								
	660,859	192,015	(151,291)	(9,749)	8,457	700,291	—	700,291
	5,002,263	543,106	(238,330)	(120,317)	(70,833)	5,115,889	36,280	5,152,169
Additions to non-current assets other than financial instruments								
	5,079,625	1,236,445	1,008,981	4,612	242,037	7,571,700	144,779	7,716,479
Depreciation and amortisation								
	62,607	4,613	148,885	3,022	952	220,079	59,781	279,860
Impairment of intangible assets								
	—	—	—	—	—	—	125,892	125,892
Share of results of associated company and joint ventures								
	232,397	401,612	(162,623)	(9,627)	518	462,277	—	462,277

NOTES TO THE FINANCIAL STATEMENTS

6. REVENUES AND SEGMENT INFORMATION (Continued)

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

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

	2015 HK\$'000	2014 HK\$'000
(i) Revenues		
Total segment revenues	19,372,364	24,774,474
Less:		
Revenues of associated company and joint ventures, attributable to the Group	(1,913,127)	(2,924,368)
Revenues as presented in consolidated income statement	17,459,237	21,850,106
(ii) Profit before taxation		
Total AOP before finance costs and after taxation charge	3,217,090	5,152,169
AOP from discontinued operation	(106,689)	(36,280)
AOP before finance costs and after taxation charge	3,110,401	5,115,889
Bank and other interest income — corporate	123,910	129,400
Deferred tax charge on undistributed profits	(63,000)	(175,622)
Corporate administrative expenses	(270,276)	(266,263)
Finance costs	(355,017)	(341,584)
AOP after corporate items	2,546,018	4,461,820
Changes in fair value of investment properties, net of deferred taxation	766,555	598,045
Gain on remeasuring previously held equity interests of joint ventures at fair value upon further acquisition as subsidiaries	—	67,257
Loss on disposal of associated companies	—	(2,486)
Net foreign exchange gains/(losses)	34,591	(345,247)
	801,146	317,569
Profit attributable to equity holders of the Company	3,347,164	4,779,389
Taxation charge	2,918,335	4,167,156
Profit attributable to non-controlling interests	156,916	160,574
Profit before taxation	6,422,415	9,107,119

NOTES TO THE FINANCIAL STATEMENTS

7. OTHER INCOME

	2015 HK\$'000	2014 HK\$'000
Tax indemnity from the ultimate holding company (note 13)	359,152	1,075,306
Bank and other interest income	295,162	242,432
Interest income from joint ventures, net of withholding tax (note)	78,705	41,847
	733,019	1,359,585

Note: The property projects of the Group's joint ventures have been partly financed by the Group in the form of equity capital and unsecured shareholder's advances. The interest income from joint ventures is recognised when the payment of interest has been approved by the Group's joint ventures. The Group's attributable share of shareholders' loan interest expenses of joint ventures is included in the share of results of joint ventures as follows:

	2015 HK\$'000	2014 HK\$'000
Share of shareholders' loan interest expenses of joint ventures	(59,200)	(50,129)

8. OTHER GAINS/(LOSSES), NET

	2015 HK\$'000	2014 HK\$'000
Net foreign exchange gains/(losses)	33,745	(281,743)
Loss on disposal of associated companies	—	(2,486)
Gain on remeasuring previously held equity interests of joint ventures at fair value upon further acquisition as subsidiaries	—	67,257
Gain on disposal of investment properties	35,228	105,074
	68,973	(111,898)

9. OPERATING PROFIT BEFORE FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Operating profit before finance costs is arrived at after crediting:		
Gross rental income from investment properties	784,623	745,152
Gain on disposal of property, plant and equipment and land use rights	—	12,543
Gain on disposal of investment properties	35,228	105,074
and after charging:		
Cost of properties sold	8,889,377	11,107,940
Staff costs (note 11)	585,772	514,880
Depreciation of property, plant and equipment	284,173	199,926
Outgoings in respect of investment properties	350,096	305,662
Rental for leased premises	49,046	40,084
Loss on disposal of property, plant and equipment	969	—
Amortisation of land use rights	24,572	20,153
Auditors' remuneration	14,512	13,980

Contingent rent included in revenue amounted to HK\$32,042,000 (2014: HK\$30,393,000) for the year.

	2015 HK\$'000	2014 HK\$'000
The future minimum rental receivable under non-cancellable operating leases are as follows:		
Within one year	482,014	535,590
Between two and five years	907,896	791,607
Beyond five years	753,074	687,440
	2,142,984	2,014,637

Generally the Group's operating leases are for terms of two to five years except for 61 (2014: 48) long term leases which are beyond five years.

NOTES TO THE FINANCIAL STATEMENTS

10. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest on bank borrowings and loans from other financial institutions		
— wholly repayable within five years	1,218,992	1,195,406
— not wholly repayable within five years	187,318	108,137
Interest on loans from fellow subsidiaries wholly repayable within five years	8,615	8,550
Interest on loans from non-controlling interests not wholly repayable within five years	19,830	1,898
Interest on fixed rate bonds and notes payable		
— wholly repayable within five years	808,409	651,598
— not wholly repayable within five years	21,586	—
Interest on short term loans	15,164	20,300
Interest on advances from participating interest	99,144	110,988
	2,379,058	2,096,877
Amounts capitalised in property, plant and equipment, investment properties and properties held for/under development	(2,076,918)	(1,785,563)
	302,140	311,314

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 4.70% (2014: 4.28%) for the year.

11. STAFF COSTS

	2015 HK\$'000	2014 HK\$'000
Wages, salaries and other benefits	561,162	492,124
Pension costs defined contribution plans (note)	10,184	9,836
Share-based payments	14,426	12,920
	585,772	514,880

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\$ 10,184,000 (2014: HK\$9,836,000).

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 2015					
Dr Cheng Kar-shun, Henry	212	—	—	82	294
Mr Cheng Kar-shing, Peter	212	1,350	90	33	1,685
Dr Cheng Chi-kong, Adrian	212	2,582	167	61	3,022
Ms Cheng Chi-man, Sonia	212	4,522	216	—	4,950
Mr Cheng Chi-him, Conrad	212	1,532	80	—	1,824
Mr Fong Shing-kwong, Michael	212	2,065	—	21	2,298
Ms Ngan Man-ying, Lynda	212	7,445	580	41	8,278
Dr Cheng Wai-chee, Christopher	339	—	—	12	351
Hon Tien Pei-chun, James	297	—	—	12	309
Mr Lee Luen-wai, John	297	—	—	12	309
Mr Ip Yuk-keung, Albert	297	—	—	—	297
	2,714	19,496	1,133	274	23,617
For the year ended 30 June 2014					
Dr Cheng Kar-shun, Henry	200	—	—	236	436
Mr Cheng Kar-shing, Peter	200	—	—	94	294
Dr Cheng Chi-kong, Adrian	200	2,436	157	177	2,970
Ms Cheng Chi-man, Sonia	200	4,203	164	—	4,567
Mr Cheng Chi-him, Conrad	200	1,446	62	—	1,708
Mr Fong Shing-kwong, Michael	200	1,948	—	59	2,207
Ms Ngan Man-ying, Lynda	200	7,023	547	118	7,888
Dr Cheng Wai-chee, Christopher	320	—	—	35	355
Hon Tien Pei-chun, James	280	—	—	35	315
Mr Lee Luen-wai, John	280	—	—	35	315
Mr Ip Yuk-keung, Albert	280	—	—	—	280
	2,560	17,056	930	789	21,335

NOTES TO THE FINANCIAL STATEMENTS

12. DIRECTORS' AND SENIOR MANAGEMENT REMUNERATION *(Continued)*

- (ii) The five individuals whose emoluments were the highest in the Group for the year include one (2014: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2014: four) individuals during the year are as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries, discretionary bonus, other allowances and other benefits in kind	33,669	26,343
Share option benefits	444	596
Contribution to retirement benefit scheme	1,270	1,429
	35,383	28,368

The emoluments fall within the following bands:

	Number of individuals	
	2015	2014
HK\$5,000,001 — HK\$5,500,000	1	1
HK\$6,000,001 — HK\$6,500,000	1	1
HK\$7,000,001 — HK\$7,500,000	—	1
HK\$7,500,001 — HK\$8,000,000	1	—
HK\$9,000,001 — HK\$9,500,000	—	1
HK\$16,000,001 — HK\$16,500,000	1	—
	4	4

- (iii) Other than the emoluments of directors and five highest paid individuals disclosed in note 12(i) and 12(ii), the remuneration payable to the senior management during the year fall within the following bands:

	Number of individuals	
	2015	2014
HK\$1,500,001 — HK\$2,000,000	—	1
HK\$2,000,001 — HK\$2,500,000	1	1
HK\$2,500,001 — HK\$3,000,000	2	4
HK\$3,000,001 — HK\$3,500,000	2	2
HK\$3,500,001 — HK\$4,000,000	1	—
HK\$4,000,001 — HK\$4,500,000	—	1
HK\$4,500,001 — HK\$5,000,000	1	—
	7	9

13. TAXATION CHARGE

	2015 HK\$'000	2014 HK\$'000
Current taxation		
PRC corporate income tax and withholding tax	1,010,518	1,383,531
PRC land appreciation tax	1,667,492	2,449,000
Deferred taxation	240,325	334,625
	2,918,335	4,167,156

Share of taxation of associated company and joint ventures for the year ended 30 June 2015 of HK\$379,673,000 (2014: HK\$584,779,000) is included in the consolidated income statement as share of results of associated company and joint ventures.

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:

	2015 HK\$'000	2014 HK\$'000
Profit before taxation	6,422,415	9,107,119
Share of results of associated company and joint ventures	(386,153)	(462,277)
	6,036,262	8,644,842
Calculated at a taxation rate of 25% (2014: 25%)	1,509,066	2,161,211
Income not subject to taxation	(358,850)	(532,539)
Expenses not deductible for taxation purposes	335,766	414,949
Tax losses not recognised	142,919	123,386
Deduction from PRC land appreciation tax	(416,873)	(612,250)
Utilisation of previously unrecognised tax losses	(40,953)	(28,690)
Temporary differences not recognised	8,551	3,342
Recognition of temporary differences	6,601	14,177
Deferred taxation on undistributed profits	64,616	174,570
	1,250,843	1,718,156
PRC land appreciation tax	1,667,492	2,449,000
	2,918,335	4,167,156

No provision for Hong Kong profit tax has been made as the Group has no estimated assessable profits in Hong Kong for the year (2014: Nil). PRC corporate income tax ("CIT") has been provided on the estimated assessable profits of subsidiaries, associated company and joint ventures operating in the PRC at 25% (2014: 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.

NOTES TO THE FINANCIAL STATEMENTS

13. TAXATION CHARGE *(Continued)*

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\$ 359,152,000 (2014: HK\$1,075,306,000) 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:

	2015 HK\$'000	2014 HK\$'000
Profit attributable to equity holders of the Company arising from:		
Continuing operations	3,347,164	4,779,389
Discontinued operation	(34,033)	(140,698)
	3,313,131	4,638,691

	Number of shares	
	2015	2014
Weighted average number of shares for calculating basic earnings per share	8,685,806,399	8,672,612,430
Effect of dilutive potential shares:		
Share options	6,544,197	6,721,368
Weighted average number of shares for calculating diluted earnings per share	8,692,350,596	8,679,333,798

15. DIVIDENDS

	2015 HK\$'000	2014 HK\$'000
Interim dividend paid of nil (2014: HK\$0.04) per share	—	347,166
Final dividend proposed of HK\$0.03 (2014: HK\$0.03) per share	260,681	260,547
	260,681	607,713

At a meeting held on 23 September 2015, the directors recommended a final dividend of HK\$0.03 per share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of contributed surplus for the year ending 30 June 2016.

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 2014	2,804,783	848,389	925,034	94,252	1,807,526	6,479,984
Additions	20,872	37,163	59,426	4,427	897,137	1,019,025
Transfer from completed properties held for sale	8,113	—	—	—	—	8,113
Transfer from properties under development	—	—	—	—	346,697	346,697
Transfer to disposal group classified as held for sale	—	(12,784)	(22,376)	—	—	(35,160)
Disposals/write off	(5,587)	(240)	(19,978)	(8,755)	—	(34,560)
At 30 June 2015	2,828,181	872,528	942,106	89,924	3,051,360	7,784,099
Accumulated depreciation and impairment						
At 1 July 2014	807,581	349,731	493,706	65,079	—	1,716,097
Charge for the year	129,425	82,695	68,466	9,520	—	290,106
Transfer to disposal group classified as held for sale	—	(7,103)	(14,328)	—	—	(21,431)
Disposals/write off	(4,774)	(240)	(19,647)	(7,936)	—	(32,597)
At 30 June 2015	932,232	425,083	528,197	66,663	—	1,952,175
Net book value						
At 30 June 2015	1,895,949	447,445	413,909	23,261	3,051,360	5,831,924

NOTES TO THE FINANCIAL STATEMENTS

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

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 2013	2,120,671	346,095	658,656	87,834	1,769,080	4,982,336
Translation differences	(26,078)	(4,075)	(8,447)	(602)	(21,086)	(60,288)
Acquisition of a subsidiary	145,563	7,050	19,701	1,586	—	173,900
Additions	19,962	233,914	63,238	8,550	1,012,253	1,337,917
Reclassification	363,980	276,206	198,904	—	(839,090)	—
Transfer from/(to) investment properties	3,558	—	—	—	(86,250)	(82,692)
Transfer to land use right	—	—	—	—	(27,381)	(27,381)
Transfer from completed properties held for sale	11,424	—	—	—	—	11,424
Transfer from properties under development	173,469	—	—	—	—	173,469
Disposals/write off	(7,766)	(10,801)	(7,018)	(3,116)	—	(28,701)
At 30 June 2014	2,804,783	848,389	925,034	94,252	1,807,526	6,479,984
Accumulated depreciation and impairment						
At 1 July 2013	695,569	331,500	466,431	58,719	—	1,552,219
Translation differences	(10,238)	(4,223)	(7,748)	(874)	—	(23,083)
Charge for the year	123,731	33,255	38,264	10,030	—	205,280
Disposals/write off	(1,481)	(10,801)	(3,241)	(2,796)	—	(18,319)
At 30 June 2014	807,581	349,731	493,706	65,079	—	1,716,097
Net book value						
At 30 June 2014	1,997,202	498,658	431,328	29,173	1,807,526	4,763,887

As at 30 June 2015, certain other properties and furniture, fixtures and equipment with carrying amount of HK\$1,316,473,000 (2014: HK\$1,382,166,000) were pledged as securities for the Group's long term borrowings.

17. INVESTMENT PROPERTIES

	Group	
	2015 HK\$'000	2014 HK\$'000
Completed investment properties	19,076,103	18,452,717
Investment properties under development	5,608,250	3,518,875
	24,684,353	21,971,592

	Completed investment properties HK\$'000	Investment properties under development HK\$'000	Total HK\$'000
At 1 July 2014	18,452,717	3,518,875	21,971,592
Additions	243,658	1,809,494	2,053,152
Transfer from properties under development	—	954,330	954,330
Transfer to completed properties held for sale	(1,412,742)	—	(1,412,742)
Transfer from completed properties held for sale	506,569	—	506,569
Disposals	(418,803)	—	(418,803)
Changes in fair value	478,244	420,873	899,117
Reclassified from assets held for sale	131,138	—	131,138
Reclassification	1,095,322	(1,095,322)	—
At 30 June 2015	19,076,103	5,608,250	24,684,353
At 1 July 2013	16,771,879	3,156,362	19,928,241
Translation differences	(217,850)	(38,834)	(256,684)
Additions	190,438	1,044,696	1,235,134
Transfer from property, plant and equipment	82,692	—	82,692
Transfer to land use rights	(986)	—	(986)
Transfer from properties under development	—	341,084	341,084
Transfer from completed properties held for sale	530,413	—	530,413
Disposals	(373,286)	—	(373,286)
Changes in fair value	665,732	(49,610)	616,122
Reclassified as assets held for sale	(131,138)	—	(131,138)
Reclassification	934,823	(934,823)	—
At 30 June 2014	18,452,717	3,518,875	21,971,592

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENT PROPERTIES *(Continued)*

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Knight Frank Petty Limited, independent qualified valuer, who holds a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, at 30 June 2015 on an open market value basis. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuation performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management and the Audit Committee. Discussions of valuation processes and results are held between the management and valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end, the finance department verifies all major inputs to the independent valuation report; assesses property valuation movements when compared to the prior year valuation report; and holds discussions with the independent valuer.

Valuation techniques

Fair value of completed commercial and residential properties in the PRC is generally derived using the income capitalisation method and wherever appropriate, by direct comparison method. Income capitalisation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation referenced to recent lettings of the subject properties and other comparable properties.

Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair value of commercial and residential properties under development in the PRC is generally derived using the residual method. This valuation method is essentially a means of valuing the completed properties by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

As at 30 June 2015, all investment properties are included in level 3 fair value hierarchy.

There were no changes to the valuation techniques during the year and there were no transfers between fair value hierarchy during the year.

The investment properties are held in the PRC under the following leases:

	2015 HK\$'000	2014 HK\$'000
Leases of over 50 years	1,351,400	1,071,403
Leases of between 10 and 50 years	23,332,953	20,900,189
	24,684,353	21,971,592

As at 30 June 2015, certain investment properties with carrying value of HK\$5,425,703,000 (2014: HK\$5,448,689,000) were pledged as securities for the Group's long term borrowings.

Information about fair value measurements using significant unobservable inputs:

	2015 Fair value HK\$'000	Valuation technique	Range of significant unobservable inputs	
			Prevailing market rents per month HK\$	Capitalisation rate %
Completed properties				
Residential	2,914,065	Income capitalisation	HK\$11 — HK\$208 per square metre	4% — 15%
Commercial	8,735,398	Income capitalisation	HK\$29 — HK\$286 per square metre	3% — 8.5%
Office	2,259,750	Income capitalisation	HK\$55 — HK\$128 per square metre	6% — 8%
Carparks	5,166,890	Direct comparison	HK\$81,000 — HK\$481,000 per carpark space	
Total	19,076,103			

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENT PROPERTIES (Continued)

	2015 Fair value HK\$'000	Valuation technique	Range of significant unobservable inputs		
			Prevailing market rents per month HK\$	Estimated costs to completion HK\$	Estimated developer's profit and risk margins %
Properties under development					
Residential	83,750	Residual	HK\$14,400 per square metre	HK\$106,000,000	7%
Commercial	4,201,250	Residual	HK\$17,500 – HK\$46,300 per square metre	HK\$60,000,000 – HK\$2,397,000,000	5% – 25%
Carparks	1,323,250	Residual	HK\$125,000 – HK\$262,500 per carpark space	HK\$18,000,000 – HK\$673,000,000	0.3% – 5%
Total	5,608,250				

	2014 Fair value HK\$'000	Valuation technique	Range of significant unobservable inputs	
			Prevailing market rents per month HK\$	Capitalisation rate %
Completed properties				
Residential	2,655,189	Income capitalisation	HK\$14 – HK\$202 per square metre	4% – 15%
Commercial	7,896,463	Income capitalisation	HK\$23 – HK\$267 per square metre	4% – 8.75%
Office	3,341,979	Income capitalisation	HK\$51 – HK\$118 per square metre	6% – 8.25%
Carparks	4,559,086	Direct comparison	HK\$81,000 – HK\$437,000 per carpark space	
Total	18,452,717			

	2014 Fair value HK\$'000	Valuation technique	Range of significant unobservable inputs		
			Prevailing market rents per month HK\$	Estimated costs to completion HK\$	Estimated
					developer's profit and risk margins %
Properties under development					
Residential	79,625	Residual	HK\$16,300 per square metre	HK\$130,600,000	11%
Commercial	2,465,000	Residual	HK\$10,400 – HK\$27,000 per square metre	HK\$20,100,000 – HK\$2,982,000,000	2% – 5%
Carparks	974,250	Residual	HK\$125,000 – HK\$238,000 per carpark space	HK\$400,000 – HK\$223,100,000	2% – 5%
Total	3,518,875				

18. LAND USE RIGHTS

	Group	
	2015 HK\$'000	2014 HK\$'000
At beginning of the year	703,901	621,096
Translation differences	—	(7,472)
Acquisition of subsidiaries	—	64,437
Transfer from properties under development	—	17,626
Transfer from property, plant and equipment	—	27,381
Transfer from investment properties	—	986
Additions	40,815	—
Amortisation	(24,572)	(20,153)
At end of the year	720,144	703,901

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

	2015 HK\$'000	2014 HK\$'000
Leases of over 50 years	1,279	1,322
Leases of between 10 and 50 years	718,865	702,579
	720,144	703,901

As at 30 June 2015, land use rights with carrying amount of HK\$248,728,000 (2014: HK\$256,165,000) were pledged as securities for the Group's long term borrowings and short term loans.

NOTES TO THE FINANCIAL STATEMENTS

19. INTANGIBLE ASSETS

Group

	Goodwill	Trademarks	Hotel management contracts	Process, technology and know-how	Customer relationships	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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
Year ended 30 June 2014							
Opening net book value	346,638	614,865	387,040	31,457	492,605	67,636	1,940,241
Acquisition of a subsidiary	11,903	63,603	60,524	—	—	—	136,030
Amortisation	—	—	(23,294)	(3,892)	(27,241)	—	(54,427)
Impairment	(90,000)	—	(35,892)	—	—	—	(125,892)
Closing net book value	268,541	678,468	388,378	27,565	465,364	67,636	1,895,952
At 30 June 2014							
Cost	571,130	678,468	488,587	38,916	544,817	67,636	2,389,554
Accumulated amortisation	—	—	(64,317)	(11,351)	(79,453)	—	(155,121)
Accumulated impairment	(302,589)	—	(35,892)	—	—	—	(338,481)
Net book value	268,541	678,468	388,378	27,565	465,364	67,636	1,895,952
Year ended 30 June 2015							
Opening net book value	268,541	678,468	388,378	27,565	465,364	67,636	1,895,952
Amortisation	—	—	(23,559)	(3,892)	(27,241)	—	(54,692)
Impairment	—	—	(56,375)	—	—	—	(56,375)
Transfer to disposal group classified as held for sales	(245,147)	(678,468)	(308,444)	(23,673)	(438,123)	—	(1,693,855)
Closing net book value	23,394	—	—	—	—	67,636	91,030
At 30 June 2015							
Cost	235,983	—	—	—	—	67,636	303,619
Accumulated impairment	(212,589)	—	—	—	—	—	(212,589)
Net book value	23,394	—	—	—	—	67,636	91,030

Goodwill is allocated to the Group's cash generating units identified according to business segment. As at 30 June 2015, goodwill of HK\$14,227,000 (2014: HK\$14,227,000), HK\$9,167,000 (2014: HK\$9,167,000) and HK\$245,147,000 (2014: HK\$245,147,000) is allocated to the segments of property sales, hotel operation and hotel management services respectively. Amortisation of intangible assets of HK\$54,692,000 (2014: HK\$54,427,000) is included in the loss for the year from discontinued operation 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 use 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 3.5% (2014: 3.5%) 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 3.4% to 7.5% (2014: 5.1% to 7.5%).

For the segment of hotel management services in 2014, the key assumptions adopted on growth rates and discount rates used in the value-in-use calculations were based on management best estimates. A financial budget of five-year with growth rate ranging from 23% to 83% were determined by considering both internal and external factors relating to the relevant segment and the hotel management contracts in pipeline. Cash flows beyond the five-year period were extrapolated using the estimated growth rates of 3%. Discount rate used also reflected specific risks relating to the relevant segment, which was 18.2%.

20. SUBSIDIARIES

	Company	
	2015 HK\$'000	2014 HK\$'000
Unlisted shares, at cost of HK\$4 (2014: HK\$4)	—	—
Amounts due by subsidiaries, net of provision	46,336,267	40,751,213
	46,336,267	40,751,213

The amounts receivable are unsecured, interest free and have no fixed terms of repayment. The amounts receivable form part of the Group's investment in subsidiaries.

There is no non-controlling interest that is individually significant to the Group.

Details of principal subsidiaries are given in note 44.

NOTES TO THE FINANCIAL STATEMENTS

21. PROPERTIES HELD FOR DEVELOPMENT

	Group	
	2015 HK\$'000	2014 HK\$'000
Land use rights	8,880,578	9,022,435
Development and incidental costs	9,187,673	8,215,005
Interest capitalised	1,672,999	945,135
	19,741,250	18,182,575

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

	2015 HK\$'000	2014 HK\$'000
Leases of over 50 years	6,785,165	7,146,424
Leases of between 10 and 50 years	2,095,413	1,876,011
	8,880,578	9,022,435

As at 30 June 2015, the aggregate carrying value of properties held for development pledged as securities for long term borrowings amounted to HK\$1,051,715,000 (2014: HK\$923,335,000).

22. ASSOCIATED COMPANY AND JOINT VENTURES

	Group	
	2015 HK\$'000	2014 HK\$'000
Associated company		
Group's share of net assets	(668)	(645)
Amounts due to associated company		
Non-interest bearing	(2,657)	(2,702)
Aggregate carrying amount of the Group's interests in associated company	(3,325)	(3,347)
Equity joint ventures/joint ventures in wholly foreign owned enterprises		
Group's share of net assets	2,568,920	2,291,200
Amounts due by joint ventures		
Interest bearing (note ii)	30,310	30,310
Non-interest bearing (note i)	2,285,462	2,193,359
	4,884,692	4,514,869
Co-operative joint ventures		
Cost of investments	4,376,624	3,979,009
Goodwill	12,704	12,704
Share of undistributed post-acquisition results and reserves	1,833,106	2,001,193
	6,222,434	5,992,906
Amounts due by joint ventures, net of provision		
Interest bearing (note iii)	2,949,496	2,035,089
Non-interest bearing (note i)	1,083,393	701,450
	10,255,323	8,729,445
Joint venture companies limited by shares		
Group's share of net assets	(67,995)	121,603
Amounts due by joint ventures, net of provision		
Interest bearing (note ii)	88,818	88,818
Non-interest bearing (note i)	440,595	237,131
	461,418	447,552
Deposit for proposed joint venture	—	620,625
Aggregate carrying amount of the Group's interests in joint ventures	15,601,433	14,312,491
	15,598,108	14,309,144

NOTES TO THE FINANCIAL STATEMENTS

22. ASSOCIATED COMPANY AND JOINT VENTURES *(Continued)*

Notes:

- (i) *The amounts receivable are unsecured and interest free. The amounts receivable form part of the Group's investment in joint ventures.*
- (ii) *The amount receivable is unsecured and carries interest at 10% (2014: 10%) per annum. The amounts receivable form part of the Group's investment in joint ventures.*
- (iii) *The amounts receivable are unsecured and carry interest ranging from Hong Kong prime rate to 8.5% (2014: Hong Kong prime rate to 8.5%) per annum. The amounts receivable form part of the Group's investment in joint ventures.*
- (iv) *There is no associated company or joint venture that is individually significant to the Group. The Group's share of results of the associated company and joint ventures are as follows:*

	2015 HK\$'000	2014 HK\$'000
<i>Profit for the year</i>	386,153	462,277
<i>Other comprehensive income for the year</i>	1,978	(83,077)
Total comprehensive income for the year	388,131	379,200

- (v) *Details of principal joint ventures are given in note 44.*

23. NON-CURRENT ASSETS RECLASSIFIED AS HELD FOR SALE

The Group entered into agreements in November 2013 to sell a portion of the investment properties in Tianjin Xin An New World Plaza to a third party at a consideration of RMB112,492,000 (equivalent to HK\$142,395,000) and accordingly, the respective portion of the investment properties are classified as held for sale. The transactions were subsequently cancelled and the Group had forfeited the deposit received from the third party during the year ended 30 June 2015. The non-current assets classified as held for sale were reclassified to investment properties.

24. DISCONTINUED OPERATION

New World Hotel Management (BVI) Limited, its subsidiaries and a joint venture are engaged in the provision of worldwide hotel management services, which is not the core business of the Group. The Board of Directors of the Company believes that the Disposal will enable the Group to realise its investment in non-core business and focus its resources on the operation of its existing core businesses of property development and investment in the PRC. The negotiation for the Disposal was in final stage in June 2015 and the Company announced the Disposal on 3 July 2015.

As at 30 June 2015, the assets and liabilities related to the Disposal Group have been presented as held for sales and the consolidated results of the Disposal Group are presented as discontinued operation in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

The consolidated statement of comprehensive income and consolidated cash flow statement distinguish the discontinued operation from continuing operations. Comparative figures have been restated.

An analysis of the results, cash flows and assets and liabilities of the Disposal Group is as follows:

(a) Results of discontinued operation

	2015 HK\$'000	2014 HK\$'000
Revenue	673,180	529,749
Cost of sales	(364,431)	(327,583)
Gross profit	308,749	202,166
Other income	822	4,137
Other losses, net	(57,926)	(125,940)
Administrative and other operating expenses	(240,710)	(212,367)
Operating profit/(loss) before finance costs	10,935	(132,004)
Finance costs	(28,104)	(30,611)
Loss before taxation	(17,169)	(162,615)
Taxation charge	(16,864)	21,917
Loss for the year from discontinued operation	(34,033)	(140,698)

NOTES TO THE FINANCIAL STATEMENTS

24. DISCONTINUED OPERATION *(Continued)***(b) Assets of the disposal group classified as held for sales**

	2015 HK\$'000
Property, plant and equipment	13,729
Intangible assets	1,693,855
Prepayments, debtors and other receivables	149,925
Cash and bank balances	165,021
Deferred tax assets	34,000
Other assets	56,250
	2,112,780

(c) Liabilities of the disposal group classified as held for sales

	2015 HK\$'000
Long term borrowings	818,072
Creditors and accruals	92,846
Taxes payables	16,935
	927,853

(d) Cash flows

	2015 HK\$'000	2014 HK\$'000
Operating cash flows	108,212	5,173
Investing cash flows	(4,253)	(143,498)
Financing cash flows	(84,237)	(85,822)
Net cash from/(used in) discontinued operation	19,722	(224,147)

25. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2015 HK\$'000	2014 HK\$'000
Unlisted investments, at fair value	735,860	85,147

The available-for-sale financial assets are denominated in Renminbi.

26. CASH AND BANK BALANCES

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Unrestricted balances	15,773,665	17,351,595	4,148,864	5,241,629

The effective interest rate on short term bank deposits was ranging from 0.001% to 3.59% (2014: 0.001% to 3.6%). These deposits have maturity date ranging from 2 to 93 days (2014: 2 to 92 days).

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

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong dollar	2,176,300	2,450,850	1,549,118	2,172,631
Renminbi	13,194,019	13,730,931	2,596,353	3,067,340
United States dollar	403,346	1,166,750	3,393	1,658
Others	—	3,064	—	—
	15,773,665	17,351,595	4,148,864	5,241,629

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

27. PROPERTIES UNDER DEVELOPMENT

	Group	
	2015 HK\$'000	2014 HK\$'000
Land use rights	4,656,545	5,731,282
Development and incidental costs	11,379,053	13,751,847
Interest capitalised	1,635,972	1,607,981
	17,671,570	21,091,110

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

	2015 HK\$'000	2014 HK\$'000
Leases of over 50 years	2,561,789	3,284,728
Leases of between 10 and 50 years	2,094,756	2,446,554
	4,656,545	5,731,282

Properties under development with an aggregate carrying value of HK\$6,234,373,000 (2014: HK\$4,377,720,000) were pledged as securities for the Group's long term borrowings.

	2015 HK\$'000	2014 HK\$'000
Properties under development for sale:		
Expected to be completed and available for sale after more than 12 months	9,601,038	9,195,582
Expected to be completed and available for sale within 12 months	8,070,532	11,895,528
	17,671,570	21,091,110

28. COMPLETED PROPERTIES HELD FOR SALE

	Group	
	2015 HK\$'000	2014 HK\$'000
Land use rights	2,462,701	795,190
Development costs	16,282,933	7,762,144
Interest capitalised	1,139,724	419,812
	19,885,358	8,977,146

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:

	2015 HK\$'000	2014 HK\$'000
Leases of over 50 years	1,786,854	498,700
Leases of between 10 and 50 years	675,847	296,490
	2,462,701	795,190

29. PREPAYMENTS, DEBTORS AND OTHER RECEIVABLES

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Trade debtors (note a)	2,634,329	2,923,518	—	—
Prepaid land preparatory cost (note b)	2,227,043	2,019,803	—	—
Deposits for purchase of land (note b)	3,111,177	2,999,245	—	—
Prepayment for proposed development projects (note b)	214,272	187,375	—	—
Prepaid taxes (note b)	1,677,003	1,266,578	—	—
Other prepayments, deposits and receivables (note b)	1,411,629	1,485,398	13,021	16,489
	11,275,453	10,881,917	13,021	16,489

NOTES TO THE FINANCIAL STATEMENTS

29. 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	
	2015 HK\$'000	2014 HK\$'000
0 to 30 days	723,946	763,495
31 to 60 days	541,948	377,676
61 to 90 days	285,012	351,363
Over 90 days	1,083,423	1,430,984
	2,634,329	2,923,518

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 2015, trade debtors of HK\$1,540,687,000 (2014: HK\$2,236,695,000) 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	
	2015 HK\$'000	2014 HK\$'000
0 to 30 days	685,335	1,161,860
31 to 60 days	24,116	134,878
61 to 90 days	24,140	164,840
Over 90 days	807,096	775,117
	1,540,687	2,236,695

- (d) During the year, impairment loss on trade debtors of HK\$4,276,000 (2014: HK\$4,918,000) 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.

30. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

Related companies include group companies, joint ventures of the Group and companies owned by a director.

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Amounts due from group companies (note a)	252,442	527,381	202,799	435,602
Amounts due from joint ventures (note b)	49,501	49,644	—	—
	301,943	577,025	202,799	435,602
Amounts due to group companies (note c)	(121,197)	(135,962)	—	—
Amounts due to joint ventures (note d)	(599,303)	(369,217)	—	(27)
Amounts due to companies owned by a director (note e)	(2,834)	(2,669)	—	—
	(723,334)	(507,848)	—	(27)
	(421,391)	69,177	202,799	435,575

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	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong dollar	203,745	484,628	202,799	435,602
Renminbi	48,697	42,753	—	—
	252,442	527,381	202,799	435,602

NOTES TO THE FINANCIAL STATEMENTS

30. AMOUNTS DUE FROM/(TO) RELATED COMPANIES *(Continued)*

- (b) *For interest free amounts due from joint ventures of HK\$19,191,000 (2014: HK\$19,334,000), they are unsecured and repayable on demand. For interest bearing amounts due from a joint venture of HK\$30,310,000 (2014: HK\$30,310,000), they are unsecured, carry interest at 10% (2014: 10%) per annum and repayable on demand. The carrying amounts of amounts due from joint ventures are denominated in United States dollar.*
- (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 Renminbi.*
- (d) *The amounts payable are unsecured, interest free and repayable on demand. 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 denominated in Renminbi.*

31. SHARE CAPITAL

	Company	
	2015 HK\$'000	2014 HK\$'000
Authorised:		
30,000,000,000 shares of HK\$0.1 each	3,000,000	3,000,000
Issued and fully paid:		
8,688,769,557 (2014: 8,683,350,475) shares of HK\$0.1 each	868,877	868,335

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 2013	8,663,596,817	866,360
Exercise of share options (note)	19,753,658	1,975
At 30 June 2014	8,683,350,475	868,335
Exercise of share options (note)	5,419,082	542
At 30 June 2015	8,688,769,557	868,877

Note: Pursuant to the share option scheme adopted on 26 November 2002 ("2002 Share Option Scheme") and the share option scheme adopted on 22 November 2011 ("2011 Share Option Scheme"), the Company may grant options to directors and employees of the Company or its subsidiaries to subscribe for shares in the Company. The movements in the number of share options granted during the year and the balance outstanding at 30 June 2015 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 2014	Exercised during the year	Lapsed during the year	At 30 June 2015	At 30 June 2015
26 June 2009	3.913 ¹	512,551	(504,529)	(8,022)	—	—
19 November 2009	2.953 ¹	3,013	(1,533)	(1,480)	—	—
12 January 2010	2.878 ¹	61,481	(58,338)	(3,143)	—	—
18 May 2010	2.262 ¹	121,740	(121,740)	—	—	—
31 May 2010	2.349 ¹	209,480	(170,000)	—	39,480	39,480
10 November 2010	3.013 ¹	693,137	(99,859)	—	593,278	593,278
18 January 2011	3.036 ¹	9,825,966	(1,570,803)	(166,233)	8,088,930	8,088,930
26 July 2011	2.705 ¹	733,242	(216,000)	—	517,242	190,512
		12,160,610	(2,742,802)	(178,878)	9,238,930	8,912,200
Weighted average exercise price of each category (HK\$)		3.031	3.090	3.072	3.013	3.024

NOTES TO THE FINANCIAL STATEMENTS

31. SHARE CAPITAL (Continued)

Notes: (Continued)

(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	Granted during	Exercised during	Lapsed during	At	At
		1 July 2014	the year	the year	the year	30 June 2015	30 June 2015
3 May 2012	2.450 ¹	4,071,680	—	(1,073,280)	(200,000)	2,798,400	1,477,280
22 October 2012	3.370 ¹	448,700	—	(139,200)	(110,400)	199,100	20,700
7 January 2013	3.880 ¹	3,824,100	—	(632,580)	(452,960)	2,738,560	1,164,040
2 April 2013	3.350 ¹	1,933,990	—	(104,800)	(37,200)	1,791,990	936,790
24 June 2013	2.762 ¹	1,168,400	—	(110,400)	(165,600)	892,400	224,000
15 October 2013	4.010 ¹	1,749,900	—	(44,800)	(230,000)	1,475,100	519,900
9 January 2014	3.970 ¹	3,739,440	—	(355,620)	(12,800)	3,371,020	742,780
10 July 2014	4.720 ¹	—	1,266,000	(105,600)	(286,400)	874,000	147,600
23 October 2014	4.420 ¹	—	1,132,000	(66,000)	(264,000)	802,000	160,400
11 March 2015	4.968 ¹	—	10,896,400	(44,000)	—	10,852,400	2,135,280
8 May 2015	5.420 ¹	—	914,000	—	—	914,000	182,800
		16,936,210	14,208,400	(2,676,280)	(1,759,360)	26,708,970	7,711,570
Weighted average exercise price of each category (HK\$)		3.418	4.931	3.292	3.804	4.211	3.890

Notes:

(1) On dates of grant, the share options are divided into 5 tranches and exercisable within a period of 5 years commencing on the expiry of one month after the dates on which the options were accepted.

(2) Fair value of options and assumptions

The fair value of options granted during the year was determined using the Binomial Model amounting to HK\$21,750,200 (2014: HK\$9,031,524). The significant inputs to the model was share price ranging from HK\$4.42 to HK\$5.36 (2014: HK\$3.97 to HK\$4.01) at the grant dates, exercise prices ranging from HK\$4.42 to HK\$5.42 (2014: HK\$3.97 to HK\$4.01), volatility of the share ranging from 37.94% to 40.52% (2014: 44.49% to 51.49%), expected life of options of 5 years (2014: 5 years), expected dividend yield ranging from 0.57% to 1.68% (2014: 1.24% to 1.89%), risk-free interest rate ranging from 1.17% to 1.4% (2014: 1.19% to 1.51%) and suboptimal exercise factor ranging from 1.9 to 1.91 times (2014: 1.91 to 1.93 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.

(3) For the year ended 30 June 2015, the weighted average share price at the time of exercise was HK\$4.931 per share (2014: HK\$4.707 per share) and HK\$5.166 per share (2014: HK\$5.356) under the 2002 Share Option Scheme and 2011 Share Option Scheme respectively.

32. 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 2014	11,207,539	16,304,097	227,955	37,925	5,145,410	23,961,256	56,884,182
Profit for the year	—	—	—	—	—	3,313,131	3,313,131
Premium on issue of shares	—	16,742	—	—	—	—	16,742
Share-based payments	—	—	—	14,426	—	—	14,426
Transfer of reserve upon exercise and lapse of share options	—	5,401	—	(6,889)	—	1,488	—
Dividends	(260,554)	—	—	—	—	—	(260,554)
Translation differences							
Subsidiaries	—	—	—	—	(56,931)	—	(56,931)
Associated company and joint ventures	—	—	—	—	1,978	—	1,978
As at 30 June 2015 before proposed final dividend	10,946,985	16,326,240	227,955	45,462	5,090,457	27,275,875	59,912,974
Representing:							
As at 30 June 2015 after proposed final dividend	10,686,304	16,326,240	227,955	45,462	5,090,457	27,275,875	59,652,293
2015 proposed final dividend	260,681	—	—	—	—	—	260,681
	10,946,985	16,326,240	227,955	45,462	5,090,457	27,275,875	59,912,974

NOTES TO THE FINANCIAL STATEMENTS

32. RESERVES (Continued)

Group (Continued)

	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 2013	11,901,566	16,224,647	202,237	49,630	5,784,261	19,320,045	53,482,386
Profit for the year	—	—	—	—	—	4,638,691	4,638,691
Premium on issue of shares	—	57,345	—	—	—	—	57,345
Share-based payments	—	—	—	12,920	—	—	12,920
Transfer of reserve upon exercise and lapse of share options	—	22,105	—	(24,625)	—	2,520	—
Acquisition of additional interest in a subsidiary	—	—	25,718	—	—	—	25,718
Dividends	(694,027)	—	—	—	—	—	(694,027)
Translation differences							
Subsidiaries	—	—	—	—	(555,774)	—	(555,774)
Associated company and joint ventures	—	—	—	—	(83,077)	—	(83,077)
As at 30 June 2014 before proposed final dividend	11,207,539	16,304,097	227,955	37,925	5,145,410	23,961,256	56,884,182
Representing:							
As at 30 June 2014 after proposed final dividend	10,946,992	16,304,097	227,955	37,925	5,145,410	23,961,256	56,623,635
2014 proposed final dividend	260,547	—	—	—	—	—	260,547
	11,207,539	16,304,097	227,955	37,925	5,145,410	23,961,256	56,884,182

Note: Other reserve relates to fair value changes arising from business combination, the difference between the consideration paid and the related share of net assets acquired from the acquisition of additional interests in subsidiaries.

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 2014	11,227,700	16,304,097	6,705,552	37,925	(6,631,866)	27,643,408
Premium on issue of shares	—	16,742	—	—	—	16,742
Profit for the year	—	—	—	—	187,820	187,820
Share-based payments	—	—	—	14,426	—	14,426
Transfer of reserve upon exercise and lapse of share options	—	5,401	—	(6,889)	1,488	—
Translation difference	—	—	288	—	—	288
Dividends	(260,554)	—	—	—	—	(260,554)
As at 30 June 2015 before proposed final dividend	10,967,146	16,326,240	6,705,840	45,462	(6,442,558)	27,602,130
Representing:						
As at 30 June 2015 after proposed final dividend	10,706,465	16,326,240	6,705,840	45,462	(6,442,558)	27,341,449
2015 proposed final dividend	260,681	—	—	—	—	260,681
	10,967,146	16,326,240	6,705,840	45,462	(6,442,558)	27,602,130
As at 1 July 2013	11,921,727	16,224,647	7,077,674	49,630	(7,552,046)	27,721,632
Premium on issue of shares	—	57,345	—	—	—	57,345
Profit for the year	—	—	—	—	917,660	917,660
Share-based payments	—	—	—	12,920	—	12,920
Transfer of reserve upon exercise and lapse of share options	—	22,105	—	(24,625)	2,520	—
Translation difference	—	—	(372,122)	—	—	(372,122)
Dividends	(694,027)	—	—	—	—	(694,027)
As at 30 June 2014 before proposed final dividend	11,227,700	16,304,097	6,705,552	37,925	(6,631,866)	27,643,408
Representing:						
As at 30 June 2014 after proposed final dividend	10,967,153	16,304,097	6,705,552	37,925	(6,631,866)	27,382,861
2014 proposed final dividend	260,547	—	—	—	—	260,547
	11,227,700	16,304,097	6,705,552	37,925	(6,631,866)	27,643,408

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 profit of HK\$187,820,000 (2014: HK\$917,660,000).

NOTES TO THE FINANCIAL STATEMENTS

33. LONG TERM BORROWINGS

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Bank loans (note i)				
Secured	8,294,212	9,041,936	—	—
Unsecured	18,356,558	16,324,119	4,760,382	3,157,694
Loans from fellow subsidiaries (note ii)	2,646,438	2,637,823	—	—
Loans from non-controlling interests (note iii)	238,894	247,789	—	—
Advances from participating interest (note iv)	1,896,704	1,967,617	5,560,287	5,516,761
Fixed rate bonds and notes payable (note v)	11,668,358	9,008,925	11,668,358	9,008,925
Loans from other financial institutions (note i)				
Secured	—	70,000	—	—
Unsecured	1,062,500	125,000	—	—
	44,163,664	39,423,209	21,989,027	17,683,380
Current portion included in current liabilities	(9,775,255)	(14,197,174)	(1,727,678)	(6,823,029)
	34,388,409	25,226,035	20,261,349	10,860,351

Notes:

(i) The loans from banks and other financial institutions are repayable as follows:

	Secured		Group Unsecured		Total		Company Unsecured	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Within one year	2,535,759	2,826,491	7,239,496	6,075,777	9,775,255	8,902,268	1,727,678	1,496,979
Between one and two years	2,291,554	2,536,297	3,446,545	5,871,229	5,738,099	8,407,526	90,000	1,660,715
Between two and five years	2,185,499	2,347,910	8,733,017	4,326,488	10,918,516	6,674,398	2,942,704	—
After five years	1,281,400	1,401,238	—	175,625	1,281,400	1,576,863	—	—
	8,294,212	9,111,936	19,419,058	16,449,119	27,713,270	25,561,055	4,760,382	3,157,694

- (ii) *The loans from fellow subsidiaries are repayable between one and two years (2014: one and two years), unsecured and bear interest at three months Hong Kong Interbank Offered Rate ("HIBOR") (2014: three months HIBOR) per annum.*
- (iii) *The loans from non-controlling interests are unsecured, have repayment terms as specified in the loan agreement and carry interest at 6.15% (2014: ranging from 5% to 6.15%) per annum except for HK\$52,449,000 (2014: Nil) which is interest free.*
- (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\$3,500 million and HK\$1,875 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\$18.3 million).

These bonds bore 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 were listed on The Stock Exchange of Hong Kong Limited. The bonds were 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\$3,750 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 the 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 2015, the fair value of the bonds amounted to RMB3,100.4 million (equivalent to approximately HK\$3,875.5 million) (2014: RMB7,528.3 million (equivalent to approximately HK\$9,410.4 million)).

On 6 November 2014, the Company issued 5.375% notes in the aggregation amounts of USD900 million (equivalent to approximately HK\$6,993 million). The notes were issued at a price of 99.676 per cent of the principal amount, bear interest at a coupon rate of 5.375% per annum, payable semi-annually in arrears on 6 November and 6 May each year. The notes are listed on The Stock Exchange of Hong Kong Limited. The notes will be redeemed on the maturity date on 6 November 2019 at the principal amount.

As at 30 June 2015, the fair value of the notes amounted to USD941.7 million (equivalent to approximately HK\$7,298.4 million).

On 28 January 2015, the Company issued 5% notes in the aggregation amounts of HK\$800 million. The notes were issued at a price of 100 per cent of the principal amount, bear interest at a coupon rate of 5% per annum, payable semi-annually in arrears on 28 January and 28 July each year. The notes will be redeemed on the maturity date on 28 January 2022 at the principal amount.

As at 30 June 2015, the fair value of the notes amounted to HK\$837.1 million.

On 30 March 2015, the Company issued 4.75% notes in the aggregation amounts of HK\$271 million. The notes were issued at a price of 98.839 per cent of the principal amount, bear interest at a coupon rate of 4.75% per annum, payable annually in arrears on 30 March each year. The notes will be redeemed on the maturity date on 30 March 2022 at the principal amount.

As at 30 June 2015, the fair value of the notes amounted to HK\$283.6 million.

NOTES TO THE FINANCIAL STATEMENTS

33. LONG TERM BORROWINGS (Continued)

Notes: (Continued)

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

	2015			2014		
	Hong Kong dollar	Renminbi	United States dollar	Hong Kong dollar	Renminbi	United States dollar
Bank loans	2.60%	6.52%	1.89%	2.75%	6.47%	2.88%
Loans from fellow subsidiaries	0.39%	—	0.39%	0.38%	—	0.38%
Loans from non-controlling interests	2.50%	6.15%	—	5.00%	6.15%	—
Advances from participating interest	5.23%	—	—	5.64%	—	—
Fixed rate bonds and notes payable	4.94%	5.50%	5.38%	—	7.19%	—
Loans from other financial institutions	—	7.63%	—	—	6.47%	—

(vii) The fair value of bank loans, loans from fellow subsidiaries, loans from non-controlling interests, advances from participating interest and loans from other financial institutions are based on cash flows discounted using cash flows discounted using the incremental borrowing rates and are within level 2 of the fair value hierarchy.

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

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong dollar	18,254,207	16,319,506	11,376,826	8,674,455
Renminbi	18,321,032	22,652,238	3,729,375	9,008,925
United States dollar	7,588,425	451,465	6,882,826	—
	44,163,664	39,423,209	21,989,027	17,683,380

(ix) For the interest-bearing borrowings, except for the loans from non-controlling interests of HK\$52,449,000 (2014: HK\$51,477,000) which reprice in more than five years, the rest of the borrowings reprice or mature (whichever is earlier) in one year or less.

34. 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 company and joint venture HK\$'000	Provisions HK\$'000	Total HK\$'000
At 1 July 2013	(414,995)	(1,063,211)	(8,446)	(1,082,222)	156,105	(452,855)	25,919	(2,839,705)
Exchange differences	5,293	15,033	106	13,417	(1,635)	7,954	(324)	39,844
Credited/(charged) to consolidated income statement	8,557	(139,576)	—	13,505	(5,728)	(174,570)	(2,813)	(300,625)
Transfer	—	—	—	—	—	27,250	—	27,250
Acquisition of subsidiaries	—	—	—	(178,996)	—	—	—	(178,996)
At 30 June 2014	(401,145)	(1,187,754)	(8,340)	(1,234,296)	148,742	(592,221)	22,782	(3,252,232)
(Charged)/credited to consolidated income statement	(56,079)	(176,581)	—	39,427	21,275	(64,616)	(3,751)	(240,325)
Transfer	—	—	—	—	—	4,230	—	4,230
Transfer to disposal group classified as held for sale	(24,081)	—	—	—	(9,919)	—	—	(34,000)
At 30 June 2015	(481,305)	(1,364,335)	(8,340)	(1,194,869)	160,098	(652,607)	19,031	(3,522,327)

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\$513,638,000 (2014: HK\$498,393,000) in respect of losses amounting to HK\$2,054,550,000 (2014: HK\$1,993,572,000) to carry forward against future taxable income. These tax losses will expire at various dates up to and including 2020 (2014: 2019).

As at 30 June 2015, the aggregate amount of temporary differences associated with investments in subsidiaries and joint ventures for which deferred tax liabilities have not been recognised amounting to approximately HK\$8,753,369,000 (2014: HK\$7,040,966,000), as the directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not be reversed in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

35. CREDITORS AND ACCRUALS

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Trade creditors (note i)	7,519,797	5,495,755	—	—
Other creditors and accruals (note ii)	1,370,325	1,454,444	177,881	188,222
	8,890,122	6,950,199	177,881	188,222

Notes:

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

	Group	
	2015 HK\$'000	2014 HK\$'000
0 to 30 days	6,582,749	5,033,097
31 to 60 days	14,445	17,787
61 to 90 days	70,172	78,323
Over 90 days	852,431	366,548
	7,519,797	5,495,755

The carrying amounts of the trade creditors of the Group are mainly denominated in Renminbi as at 30 June 2015 and 2014.

(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.

36. SHORT TERM LOANS

	Group	
	2015 HK\$'000	2014 HK\$'000
Loans from banks and other financial institutions		
Secured	625,000	—
Unsecured	376,250	—
	1,001,250	—

As at 30 June 2015, the effective interest rates of the short term loans range from 8.3% to 10.05%. Their carrying amounts approximate their fair values.

The carrying amounts of short term loans are denominated in Renminbi.

37. 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 2015 and 2014 and approximate their fair values.

38. TAXES PAYABLE

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Corporate income tax payable	430,741	382,919	—	—
Withholding tax payable	110,869	116,501	63,036	61,561
Land appreciation tax payable	3,748,751	3,979,906	—	—
Other PRC taxes payable	142,000	175,502	—	—
	4,432,361	4,654,828	63,036	61,561

NOTES TO THE FINANCIAL STATEMENTS

39. GUARANTEES

(i) Corporate guarantees for banking facilities

Group

The Group has corporate guarantees of approximately HK\$3,202,816,000 (2014: HK\$2,734,066,000) given in respect of bank loan facilities extended to certain joint ventures. As at 30 June 2015, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the joint ventures was approximately HK\$2,683,191,000 (2014: HK\$2,350,941,000).

Company

The Company has corporate guarantees given in respect of bank loan facilities extended to certain subsidiaries and joint ventures of approximately HK\$21,027,226,000 (2014: HK\$16,878,727,000) and HK\$3,202,816,000 (2014: HK\$2,734,066,000) respectively.

(ii) Guarantees in respect of mortgage facilities

As at 30 June 2015, 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\$2,239,958,000 (2014: HK\$2,034,561,000). 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.

40. COMMITMENTS

(i) Capital expenditure commitments

The capital expenditure commitments of the Group are as follows:

	Group	
	2015 HK\$'000	2014 HK\$'000
Authorised but not contracted for		
Purchase consideration for proposed development projects	—	108,000
Property, plant and equipment	107,366	150,938
	107,366	258,938
Contracted but not provided for		
Property, plant and equipment	1,436,170	1,571,271
Investment properties	3,174,963	1,629,585
	4,611,133	3,200,856
	4,718,499	3,459,794

(ii) Lease commitments

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
As at 30 June 2015, future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:				
Within one year	46,818	39,050	18,526	16,703
Between two and five years	86,572	63,260	31,303	9,320
Beyond five years	66,149	47,807	—	—
	199,539	150,117	49,829	26,023

NOTES TO THE FINANCIAL STATEMENTS

41. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

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

	2015 HK\$'000	2014 HK\$'000
Operating profit before finance costs including discontinued operation	6,349,337	8,824,152
Interest income	(374,689)	(286,678)
Depreciation and amortisation	369,370	279,860
Share-based payments	14,426	12,920
Dividend income from an available-for-sale financial asset	—	(1,738)
Gain on disposal/write off of property, plant and equipment and investment properties	(34,257)	(117,617)
Tax indemnity from the ultimate holding company	(359,152)	(1,075,306)
Loss on disposal of associated companies	—	2,486
Gain on remeasuring previously held equity interests of joint ventures at fair value upon further acquisition as subsidiaries	—	(67,257)
Impairment of intangible assets	56,375	125,892
Changes in fair value of investment properties	(899,117)	(616,122)
Net foreign exchange (gains)/losses	(32,194)	281,791
Operating profit before working capital changes	5,090,099	7,362,383
Increase in properties held for/under development and completed properties held for sale	(5,338,383)	(302,480)
(Increase)/decrease in prepayments, debtors and other receivables	(2,881,177)	463,371
Changes in balances with related companies	514,219	1,436,726
Increase/(decrease) in deposits received on sale of properties	1,328,717	(4,442,495)
Increase/(decrease) in creditors and accruals	2,048,658	(784,297)
Net cash generated from operations	762,133	3,733,208

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

The Group acquired subsidiaries for the year ended 30 June 2014 and the identified assets acquired and liabilities assumed as at the date of acquisition are as follows:

	2014 HK\$'000
Property, plant and equipment	173,900
Land use rights	64,437
Properties held for development	562,500
Intangible assets	124,127
Completed properties held for sale	141,420
Prepayments, debtors and other receivables	154,150
Cash and bank balances	10,612
Deposits received on sale of properties	(1,128)
Creditors and accruals	(102,817)
Taxes payable	(81,342)
Long terms borrowings	(101,000)
Amount due to a joint venture	(62,500)
Deferred tax liabilities	(178,996)
Non-controlling interests	(296)
Net assets acquired	703,067
Interest originally held by the Group as joint ventures	(257,878)
	445,189
Goodwill	11,903
Gain on remeasuring previously held equity interests of joint ventures at fair value upon further acquisition as subsidiaries	(67,257)
	389,835
	2014 HK\$'000
Cash consideration paid	389,835
Consideration to be paid	(15,000)
Cash and bank balances acquired	(10,612)
	364,223

NOTES TO THE FINANCIAL STATEMENTS

42. RELATED PARTY TRANSACTIONS

(i) Transactions with related parties

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

	Note	2015 HK\$'000	2014 HK\$'000
Interest expenses on loans from fellow subsidiaries	(a)	8,615	8,550
Rental expense for leased premises to fellow subsidiaries	(b)	26,246	19,857
Property agency fee paid to fellow subsidiaries	(c)	6,403	13,162
Purchase of goods from fellow subsidiaries and a related company	(d)	83,574	110,813
Interest income from joint ventures	(e)	87,927	73,005
Property management services fee income from fellow subsidiaries, joint ventures and related companies	(f)	40,410	48,466
Rental income from fellow subsidiaries, a joint venture and a related company	(g)	98,196	124,431
Hotel management services fee income from fellow subsidiaries, joint ventures and related companies	(h)	126,649	97,964
Project management fee income from joint ventures and related companies	(i)	64,367	35,582
Contracting service income from related companies	(j)	186,997	428,466
Sales of properties to a fellow subsidiary and a related company	(k)	—	46,450

Notes:

- (a) Interest is charged at rates as specified in note 33(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 and a related company. Such fee is charged in accordance with the terms of the agreements.
- (e) This represents interest income in respect of loan financing provided to joint ventures. These loans are unsecured and carry interest at rates as specified in note 22.
- (f) The property management services fees are charged at fixed amounts to fellow subsidiaries, certain joint ventures and related companies as specified in the management contracts.
- (g) The rental income is charged at fixed monthly fees in accordance with the terms of the tenancy agreements.
- (h) The hotel management services fee income is charged in accordance with the terms of the management service agreement.
- (i) The project management fee income is charged in accordance with the terms of the agreement.
- (j) The contracting services income is charged in accordance with the terms of the agreement.
- (k) During the year ended 30 June 2014, a joint venture of the Group sold certain properties to Aerospace New World (China) Technology Limited and Shenzhen Sunlong Communication Co., Ltd., a related company and a fellow subsidiary of the Group, respectively, for a consideration of RMB17,088,000 (equivalent to HK\$21,630,000) and RMB19,608,000 (equivalent to HK\$24,820,000) respectively.
- (l) Total fees for the provision of project management, construction and engineering consultancy services in respect of certain of the Group's property projects paid and payable to certain fellow subsidiaries and related companies for the year amounted to HK\$439,999,000 (2014: HK\$255,414,000). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.
- (m) A deed of tax indemnity was entered into between the ultimate holding company and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of CIT and LAT payable in consequence of the disposal of certain properties held by the Group as at 31 March 1999. During the year, tax indemnity amounting to HK\$359,152,000 (2014: HK\$1,075,306,000) was effected (note 13).
- (n) In November 2014, the Group entered into a termination agreement with Hubei New World Department Store Co., Ltd., a fellow subsidiary of the Group, to early terminate the lease agreement at a consideration of RMB51,128,000 (equivalent to HK\$63,910,000) (subject to adjustment). The consideration was subsequently adjusted to RMB40,331,000 (equivalent to HK\$50,414,000) and an amount of RMB21,128,000 (equivalent to HK\$26,410,000) has been paid to NWDS Hubei during the year ended 30 June 2015.
- (o) During the year ended 30 June 2014, the Group acquired a hotel management company from CTF Holdings Limited, a related company of the Group at the consideration of €13,536,000 (equivalent to approximately HK\$144,835,000).
- (p) During the year ended 30 June 2014, the Group has acquired remaining interests in Dragon Fortune Limited from other shareholders, of which Sun City Holdings Limited and Potassium Corp. are associates of Mr Peter Cheng and that Brinkley Holdings Ltd is beneficially owned by Mr Stewart Cheng, for a consideration of HK\$245,000,000. Upon completion, Dragon Fortune Limited became an indirect wholly-owned subsidiary of the Group.

NOTES TO THE FINANCIAL STATEMENTS

42. RELATED PARTY TRANSACTIONS *(Continued)*

(ii) Key management compensation

	2015 HK\$'000	2014 HK\$'000
Salaries and other short-term employee benefits	135,216	120,375
Pension costs	5,188	5,100
Share option benefits	1,786	3,056
	142,190	128,531

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 company, joint ventures, group companies and companies owned by a director are disclosed in notes 22 and 30.

43. EVENT AFTER REPORTING PERIOD

On 3 July 2015, New World Development (China) Limited ("NWDC"), a wholly owned subsidiary of the Group, entered into the sales and purchase agreement with Chow Tai Fook Enterprises Limited to sell its entire equity interest in New World Hotel Management (BVI) Limited ("NWHM") together with related outstanding shareholder's loan and accrued interest due and owing by NWHM to NWDC for an aggregate cash consideration of HK\$1,963,000,000. Subject to fulfillment of several conditions precedent, the disposal is expected to be completed on or before 31 December 2015 at a gain of approximately HK\$844,000,000.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANY AND JOINT VENTURES

Details of the principal subsidiaries, associated company and joint ventures which materially affect the results for the year and/or assets of the Group as at 30 June 2015 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			
		2015	2014	2015	2014	
Subsidiaries						
<i>Incorporated and operating in Hong Kong</i>						
Able Kingdom Limited	HK\$1 1 ordinary share	—	—	100%	100%	Investment holding
Best Goal International Limited	HK\$1 1 ordinary share	—	—	100%	—	Investment holding
Billion Huge (International) Limited	HK\$950,001 950,001 ordinary shares	—	—	100%	100%	Investment holding
Billion Park Investment Limited	HK\$1,000,000 1,000,000 ordinary shares	—	—	78.6%	78.6%	Investment holding
China Joy International Limited	HK\$2 2 ordinary shares	—	—	100%	100%	Investment holding
Dragon Joy (China) Limited	HK\$1 1 ordinary share	—	—	100%	100%	Investment holding
Global Hero Holdings Limited	HK\$1 1 ordinary share	—	—	100%	100%	Investment holding
Lingal Limited	HK\$2,000 1,800 ordinary shares 200 non-voting deferred shares	—	—	100%	100%	Investment holding
Max Charm Investment Limited	HK\$2 2 ordinary shares	—	—	100%	100%	Investment holding
New World China Estate Agents Limited	HK\$1 1 ordinary share	—	—	100%	—	Estate agency
New World China Property Limited	HK\$2 2 ordinary shares	100%	100%	100%	100%	Investment holding
New World Development (China) Limited	HK\$4 2 ordinary shares 2 non-voting deferred shares	100%	100%	100%	100%	Investment holding
New World Hotel Management Limited	HK\$1 1 ordinary share	—	—	100%	100%	Hotel management

NOTES TO THE FINANCIAL STATEMENTS

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANY AND JOINT VENTURES (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			
		2015	2014	2015	2014	
Subsidiaries (continued)						
<i>Incorporated and operating in Hong Kong (continued)</i>						
Pacific Great Investment Limited	HK\$50,000,000 50,000,000 ordinary shares	—	—	100%	100%	Investment holding
Penta Hotels (Asia Pacific) Limited	HK\$1 1 ordinary share	—	—	100%	100%	Hotel management
Rosewood Hotels and Resorts (Asia Pacific) Limited	HK\$1 1 ordinary share	—	—	100%	100%	Hotel management
Silver World H.K. Development Limited	HK\$1 1 ordinary share	—	—	100%	100%	Investment holding
Spread Glory Investments Limited	HK\$1 1 ordinary share	—	—	100%	100%	Investment holding
Sunny Trend Development Limited	HK\$2 2 ordinary shares	—	—	100%	100%	Investment holding
Super Gain Limited	HK\$1 1 ordinary share	—	—	100%	—	Investment holding
Wing Shan International Country Club Co. Limited	HK\$1,000,000 1,000,000 ordinary shares	—	—	89.2%	89.2%	Investment holding
<i>Incorporated in the British Virgin Islands</i>						
Art Bridge Development Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Art Shadow 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
Dragon Fortune Limited	US\$57,895 57,895 shares of US\$1 each	—	—	100%	100%	Investment holding
Esteemed Sino Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Ever Brisk Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding

Company name	Issued and fully paid up share capital/paid up registered capital	Attributable interest held (note 1)		2015	2014	Principal activities
		By the Company	By the Group			
Fortune Star Worldwide Limited	US\$100 100 shares of US\$1 each	—	—	100%	100%	Investment holding
Fighting Unicorn Limited	US\$1 1 share of US\$1	—	—	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
Penta Hotel Holdings Limited	US\$1,000 1,000 shares of US\$1 each	—	—	100%	100%	Investment holding
Radiant Glow Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Ramada Property Ltd.	US\$1,000 1,000 shares of US\$1 each	—	—	100%	100%	Investment holding
Rise Eagle Worldwide Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Rosewood Hotels and Resorts Holdings 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

NOTES TO THE FINANCIAL STATEMENTS

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANY AND JOINT VENTURES (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		
		2015	2014	2015	2014	
Subsidiaries (continued)						
<i>Incorporated in the British Virgin Islands (continued)</i>						
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
<i>Incorporated and operating in Germany</i>						
Penta Hotels Germany GmbH	Euro25,000	—	—	100%	100%	Hotel management
<i>Incorporated and operating in the PRC</i>						
Beijing Dongfang Huamei Real Estate Development Co., Ltd.	RMB200,000,000	—	—	75% (note 2)	75%	Land development
Beijing Lingal Real Estates Development Co., Ltd.	US\$13,000,000	—	—	100%	100%	Property sales
Beijing New World Huamei Real Estate Development Co., Ltd.	RMB748,000,000	—	—	75%	75%	Property development
Chengdu Fighting Unicorn Management Services Co., Ltd.	RMB5,000,000	—	—	100%	100%	Management services
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\$197,324,700	—	—	100%	100%	Property investment, development and hotel operation
Fengshi Trading (Shanghai) Co., Ltd.	US\$2,170,000	—	—	100%	—	Property investment
Fortune Leader Overseas Chinese (Daiyawan) Investment Co. Ltd.	US\$16,950,000	—	—	100%	100%	Golf club and resort operation

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		
		2015	2014	2015	2014	
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co., Ltd.	US\$20,820,000	—	—	100%	100%	Property development
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\$180,000,000	—	—	100%	100%	Property development
Guangzhou Xin Yi Development Limited	HK\$286,000,000	—	—	90.5%	90.5%	Property investment and development
Guangzhou Yibo Real Estate Development Co., Ltd.	RMB392,500,000	—	—	100%	100%	Property development
Guiyang New World Real Estate Co., Ltd.	US\$301,350,000	—	—	100% (note 2)	100%	Property development and hotel operation
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.	RMB205,265,854	—	—	100%	100%	Property development
Hunan Success New Century Investment Company Limited	RMB680,000,000	—	—	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\$145,300,000	—	—	100%	100%	Property development
Langfang Xin Zhong Properties Development Co., Ltd.	US\$68,200,000	—	—	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) Landscape Engineering Limited	RMB10,000,000	—	—	100%	100%	Landscape engineering

NOTES TO THE FINANCIAL STATEMENTS

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANY AND JOINT VENTURES (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		
		2015	2014	2015	2014	
Subsidiaries (continued)						
<i>Incorporated and operating in the PRC (continued)</i>						
New World (Anshan) Property Development Co., Ltd.	RMB1,420,000,000	—	—	100%	100%	Property development
New World China Land (Haikou) Limited	US\$600,000,000	—	—	100%	100%	Property investment and development
New World China Land Investments Company Limited	US\$80,000,000	100%	100%	100%	100%	Investment holding
New World Development (Wuhan) Co., Ltd.	US\$112,000,000	—	—	100%	100%	Property investment and development
New World Development (Wuhan) Landscape Engineering Limited	US\$1,800,000	—	—	100%	100%	Landscape engineering
New World Enterprises (Wuhan) Ltd.	US\$16,000,000	—	—	100%	100%	Property development
New World Goodtrade (Wuhan) Limited	US\$188,000,000	—	—	100%	100%	Property investment and development
New World New Land Real Estate (Wuhan) Co., Ltd.	US\$269,810,000	—	—	100%	—	Property development
New World (Shenyang) Property Development Limited	RMB5,647,800,000	—	—	100%	100%	Property investment and development
Rosewood Hotels & Resorts (Shanghai) Limited	RMB500,000	—	—	100%	100%	Hotel management consultancy services
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 investment
Shenyang New World Xin Hui Properties Co., Ltd.	RMB501,520,000	—	—	100%	100%	Property development
Shenzhen Top One Real Estate Development Co., Ltd.	HK\$150,000,000	—	—	100%	100%	Property development
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$294,000,000	—	—	100%	100%	Property development
Taiding Trading (Shanghai) Co., Ltd.	US\$7,800,000	—	—	100%	100%	Property investment
Tang Shan New World Property Development Co., Ltd.	US\$117,000,000	—	—	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

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		
		2015	2014	2015	2014	
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\$16,500,000	—	—	100%	100%	Property development
Zhuhai New World Housing Development Limited	US\$8,000,000	—	—	100%	100%	Property development
Associated company						
<i>Incorporated and operating in Hong Kong</i>						
Sun Legend Investments Limited	HK\$1,000 1,000 ordinary shares	—	—	50%	50%	Investment holding
Joint ventures						
<i>Incorporated and operating in Hong Kong</i>						
Eminent Elite Limited	HK\$1 1 ordinary share	—	—	49%	49%	Investment holding
Ferguson Hotel Management Limited	HK\$2 2 ordinary shares	—	—	50%	50%	Hotel management
Global Perfect Development Limited	HK\$1,000,000 1,000,000 ordinary shares	—	—	50%	50%	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%	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% (note 4)	70%	Property investment and development and hotel operation
Beijing Chong Yu Real Estate Development Co., Ltd.	US\$171,840,000	—	—	70% (note 4)	70%	Property investment and development
Beijing Xin Kang Real Estate Development Co., Ltd.	US\$12,000,000	—	—	70% (note 4)	70%	Property investment and development
Beijing Xin Lian Hotel Co., Ltd.	US\$12,000,000	—	—	55% (note 4)	55%	Hotel operation

NOTES TO THE FINANCIAL STATEMENTS

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANY AND JOINT VENTURES (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		
		2015	2014	2015	2014	
Joint ventures (continued)						
<i>Incorporated and operating in the PRC (continued)</i>						
<i>(i) Co-operative joint ventures (continued)</i>						
China New World Electronics Ltd.	US\$57,200,000	—	—	70% (note 4)	70%	Property Investment and development
Huizhou New World Housing Development Limited	RMB80,000,000	—	—	62.5% (note 4)	62.5%	Property development
Wuhan New World Housing Development Limited	RMB96,000,000	—	—	60% (note 4)	60%	Property development
Wuhan Wuxin Hotel Co. Ltd.	US\$49,750,000	—	—	60% (note 4)	60%	Hotel operation
<i>(ii) Wholly foreign owned enterprises</i>						
Guangzhou Bosson Real Estate Co., Ltd.	RMB50,003,000	—	—	62.5% (note 4)	62.5%	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	—	—	62.5% (note 4)	62.5%	Property development
Ningbo Gong Tai Properties Co., Ltd.	RMB235,000,000	—	—	49%	—	Property development
Ningbo Xin Li Real Estate Co. Ltd.	US\$802,335,000	—	—	49%	49%	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% (note 4)	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.
4. The Group does not control these companies even though the attributable interest held by the Group is more than 50% as the decisions about the relevant activities require the unanimous consent of the parties sharing the control in accordance with the contractual arrangement.

FINANCIAL SUMMARY

RESULTS

	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
Revenues	17,459,237	21,850,106	16,153,872	12,528,755	13,557,227
Operating profit after finance costs	6,036,262	8,644,842	6,942,261	5,719,033	4,685,543
Share of results of associated companies and joint ventures	386,153	462,277	964,636	373,171	378,176
Profit before taxation	6,422,415	9,107,119	7,906,897	6,092,204	5,063,719
Taxation charge	(2,918,335)	(4,167,156)	(3,051,541)	(2,812,704)	(1,917,443)
Profit for the year from continuing operations (note)	3,504,080	4,939,963			
Loss for the year from discontinued operation (note)	(34,033)	(140,698)			
Profit for the year	3,470,047	4,799,265	4,855,356	3,279,500	3,146,276
Attributable to:					
Equity holders of the Company	3,313,131	4,638,691	4,616,314	3,080,929	3,025,826
Non-controlling interests	156,916	160,574	239,042	198,571	120,450
	3,470,047	4,799,265	4,855,356	3,279,500	3,146,276

ASSETS AND LIABILITIES

	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
Property, plant and equipment, investment properties and land use rights	31,236,421	27,439,380	23,979,454	20,504,444	16,723,223
Properties held for development	19,741,250	18,182,575	17,350,847	15,864,552	12,478,678
Associated companies and joint ventures	15,598,108	14,309,144	12,914,943	11,502,724	10,047,204
Intangible assets	91,030	1,895,952	1,940,241	1,925,141	23,394
Available-for-sale financial assets	735,860	85,147	108,457	108,457	58,362
Net current assets	35,126,818	27,884,723	35,206,973	27,199,442	21,054,114
Total assets less current liabilities	102,529,487	89,796,921	91,500,915	77,104,760	60,384,975
Long term borrowings	(34,388,409)	(25,226,035)	(30,957,581)	(22,919,267)	(14,151,021)
Deferred tax liabilities	(3,522,327)	(3,252,232)	(2,839,705)	(2,460,377)	(2,185,100)
	64,618,751	61,318,654	57,703,629	51,725,116	44,048,854

Note: The financial results for New World Hotel Management (BVI) Limited and its subsidiaries were presented as discontinued operation and comparative for the year ended 30 June 2014 have been restated accordingly. The financial results prior to 2014 have not been restated.

MAJOR PROJECTS PROFILE

NO	Region	Project name	NWCL's	NWCL's	Total GFA (sq m)
			Accounting Classification	Attributable Interest	
Projects under development/held for development					
1	Beijing	Beijing New View Garden Remaining Phases	Joint venture	70%	22,561
		Beijing New View Garden Commercial Centre			39,653
2	Beijing	Beijing Xin Yu Garden Remaining Phases	Joint venture	70%	605,600
		Beijing Xin Yu Garden Commercial Centre			89,620
3	Beijing	Beijing Yuzhuang Project Phase II	Subsidiary	75%	101,616
4	Langfang	Langfang New World Centre District C1	Subsidiary	100%	126,768
		Langfang New World Centre District A and C2			234,313
5	Langfang	Langfang New World Garden District 3	Subsidiary	100%	119,317
		Langfang New World Garden District 1			120,785
		Langfang New World Garden District 2			99,060
6	Tangshan	Tangshan New World Centre Phase II	Subsidiary	100%	156,914
7	Jinan	Jinan New World Sunshine Garden Remaining Portion	Subsidiary	100%	78,144
8	Shenyang	Shenyang New World Garden Phase I West District A	Subsidiary	100%	53,434
		Shenyang New World Garden Phase II D			655,855
		Shenyang New World Garden Remaining Phases			849,280
9	Shenyang	Shenyang New World Centre — Expo	Subsidiary	100%	119,475
		Shenyang New World Centre Phase I and II			883,796
		Shenyang New World Centre Remaining Phases			238,092
10	Shenyang	Shenyang New World Commercial Centre Phase II	Subsidiary	100%	96,026
11	Anshan	Anshan New World Garden Phase III A	Subsidiary	100%	145,748
		Anshan New World Garden Phase III B			139,582
		Anshan New World Garden Remaining Phases			687,238
12	Wuhan	Wuhan Menghu Garden Phase III C	Subsidiary	100%	30,008
		Wuhan Menghu Garden Phase III A			17,669
13	Wuhan	Wuhan Changqing Garden Phase IX Area 6 South District Phase II	Joint venture	60%	208,654
		Wuhan Changqing Garden Phase IX Area 6 North District			446,647
		Wuhan Changqing Garden Phase IX Area 7			363,550
		Wuhan Changqing Garden Phase IX Area 8			310,800
		Wuhan Changqing Garden Remaining Phases			250,040
14	Wuhan	Wuhan New World Centre Phase III	Subsidiary	100%	136,650
15	Wuhan	Wuhan Guanggu New World	Subsidiary	100%	338,324
16	Wuhan	Wuhan New World • Times	Subsidiary	100%	658,251
17	Changsha	Changsha La Ville New World Phase III B	Subsidiary	48%	122,806
		Changsha La Ville New World Phase IV			422,389
18	Yiyang	Yiyang New World Scenic Heights Phase I A	Subsidiary	100%	8,652
		Yiyang New World Scenic Heights Phase I B			31,762
		Yiyang New World Scenic Heights Phase I C			12,573
		Yiyang New World Scenic Heights Phase II			55,372
		Yiyang New World Scenic Heights Phase III			232,540
Yiyang New World Scenic Heights Remaining Phases	16,442				

Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carpark and others (sq m)	Development status	Expected completion date
	2,223	12,629		7,709	Under planning	TBD
	16,531	8,052		15,070	Under planning	Mar/2018
251,000	99,800	135,100		119,700	Under planning	TBD
	60,925			28,695	Under planning	Dec/2018
101,616					Under development	Jun/2017
55,546	6,251	40,086		24,885	Under development	Sep/2015
83,975	52,942		46,951	50,445	Under development	Jun/2016
101,319				17,998	Under development	Dec/2015
89,615	5,722			25,448	Under development	Jul/2016
68,138	7,264			23,658	Under development	May/2017
23,203	37,447	48,768		47,496	Under development	Oct/2015
	2,604	31,695	18,729	25,116	Under development	Oct/2016
	5,471	38,435		9,528	Under development	Jun/2016
455,974	20,439			179,442	Under development	Jun/2018
533,784	50,211			265,285	Under planning	TBD
				119,475	Under development	Sep/2016
308,691	327,201		133,637	114,267	Under development	Sep/2016
		238,092			Under planning	TBD
	25,266	51,406		19,354	Under planning	TBD
84,087	15,936			45,725	Under development	Jun/2016
86,564	13,287			39,731	Under development	Jun/2017
498,734	13,312			175,192	Under planning	TBD
28,387	1,621				Planning completed	Dec/2015
17,669					Planning completed	Sep/2016
158,684				49,970	Planning completed	Sep/2017
346,520	10,927			89,200	Planning completed	Mar/2018
174,220	47,830	14,100		127,400	Under planning	Dec/2019
	234,000			76,800	Under planning	Dec/2019
85,506	68,634		74,000	21,900	Under planning	TBD
	31,805	59,432		45,413	Planning completed	Feb/2018
	49,372	132,269	62,269	94,414	Planning completed	Jan/2017
238,805	26,000	250,000		143,446	Under planning	TBD
68,261	24,058			30,487	Under development	Dec/2016
377,767	7,239			37,383	Under planning	TBD
5,889	2,763				Under development	Dec/2015
13,863				17,899	Under planning	Dec/2016
12,573					Under development	Jun/2016
42,589	1,800			10,983	Under planning	Jun/2017
126,885	56,212			49,443	Under planning	Dec/2017
12,067	2,109			2,266	Under planning	TBD

MAJOR PROJECTS PROFILE

NO	Region	Project name	NWCL's	NWCL's	Total GFA (sq m)
			Accounting Classification	Attributable Interest	
Projects under development/held for development					
19	Chengdu	Chengdu New World Riverside Phase II 1A	Subsidiary	30%	220,223
		Chengdu New World Riverside Phase II 1B			360,262
		Chengdu New World Riverside Phase II 2A and 2B			266,665
		Chengdu New World Plaza			387,926
		Chengdu New World Riverside Remaining Phases			2,389,687
20	Guiyang	Guiyang Jinyang Sunny Town Phase II B Remaining Portion	Subsidiary	50%	10,203
		Guiyang Jinyang Sunny Town Phase II C			434,726
		Guiyang Jinyang Sunny Town Phase II E			232,889
		Guiyang Jinyang Sunny Town Phase III A			66,943
		Guiyang Jinyang Sunny Town Phase IV A			84,047
		Guiyang Jinyang Sunny Town Remaining Phases			3,039,127
21	Guangzhou	Guangzhou Dong Yi Garden Phase V	Subsidiary	100%	26,128
22	Guangzhou	Guangzhou Covent Garden Phase III	Subsidiary	100%	113,457
		Guangzhou Covent Garden Phase III			7,788
		Guangzhou Covent Garden Phase III Remaining Portion			345,847
		Guangzhou Covent Garden Remaining Phases			385,715
23	Guangzhou	Guangzhou Park Paradise Phase III B	Subsidiary	100%	84,957
		Guangzhou Park Paradise Phase V A			282,330
		Guangzhou Park Paradise Phase V B			48,591
		Guangzhou Park Paradise Remaining Phases			121,430
24	Foshan	Canton First Estate Phase II (CF19B)	Subsidiary	85%	85,826
		Canton First Estate Phase II (CF20)			86,617
		Canton First Estate Remaining Phases			835,944
25	Zhaoqing	Zhaoqing New World Garden Phase III Remaining Portion	Subsidiary	100%	81,960
26	Huiyang	Huiyang Hu Xia Liao Project	Subsidiary	100%	162,717
27	Huiyang	Huiyang Palm Island Resort Remaining Phases	Subsidiary	100%	211,063
28	Huizhou	Huizhou Changhuyuan Phase IV	Joint venture	63%	91,830
29	Haikou	Haikou New World • Meilisha Phase II (#0102)	Subsidiary	100%	119,153
		Haikou New World • Meilisha Phase II (#03)			41,524
		Haikou New World • Meilisha Phase II (#1801)			197,182
		Haikou New World • Meilisha K11 (#1902)			129,002
		Haikou New World • Meilisha Remaining Phases			2,074,774
30	Ningbo	Ningbo New World Plaza Phase I	Joint venture	49%	260,212
		Ningbo New World Plaza Remaining Phases			373,524
Total (Projects under development/ held for development)					22,986,275

Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carpark and others (sq m)	Development status	Expected completion date
134,783				85,440	Under development	Jun/2016
234,423	1,122			124,717	Under development	Apr/2018
161,958				104,707	Under development	Apr/2018
26,603	150,610		60,987	149,726	Planning completed	Sep/2018
1,774,585				615,102	Under planning	TBD
			10,203		Under development	TBD
325,758	11,454			97,514	Under development	Jun/2016
232,889					Under development	Jul/2018
45,395	563			20,985	Under development	Apr/2016
64,937				19,110	Under development	Dec/2016
1,624,647	261,753	466,090		686,637	Under planning	TBD
22,940				3,188	Under development	Jun/2017
87,204				26,253	Under development	Aug/2015
	7,788				Under development	Dec/2015
283,538				62,309	Under development	Oct/2016
318,813	38,587			28,315	Planning completed	TBD
	5,047		63,494	16,416	Under development	Apr/2018
128,298	77,853			76,179	Under development	Jul/2018
42,369				6,222	Planning completed	Nov/2019
87,339	25,033			9,058	Under planning	TBD
49,074				36,752	Under development	Dec/2016
86,617					Under development	Jun/2017
750,507			85,437		Under planning	TBD
75,523	2,862			3,575	Under development	Jun/2016
162,717					Under planning	TBD
211,063					Under planning	TBD
67,070				24,760	Under planning	TBD
87,781	2,147			29,225	Under development	Nov/2016
30,643				10,881	Planning completed	Sep/2017
129,034				68,148	Under development	Mar/2018
	66,792			62,210	Under development	Sep/2017
1,287,659	19,629		174,686	592,800	Under planning	TBD
139,595	42,556	53,549		24,512	Under development	May/2019
	102,144	147,232	31,863	92,285	Under planning	TBD
13,125,693	2,143,142	1,726,935	762,256	5,228,249		

MAJOR PROJECTS PROFILE

NO	Region	Project name	NWCL's	NWCL's	Total GFA (sq m)
			Accounting Classification	Attributable Interest	
Completed Investment Properties					
31	Beijing	Beijing New World Centre Phase I	Joint venture	70%	94,188
32	Beijing	Beijing New World Centre Phase II	Joint venture	70%	73,392
33	Beijing	Beijing Zhengren Building	Joint venture	70%	16,415
34	Beijing	Beijing New World Garden	Joint venture	70%	34,544
		Beijing Xin Yang Commercial Building			3,439
		Beijing Xin Cheng Commercial Building			8,051
35	Beijing	Beijing Xin Yi Garden	Joint venture	70%	52,358
1a	Beijing	Beijing New View Garden	Joint venture	70%	11,398
2a	Beijing	Beijing Xin Yu Garden	Joint venture	70%	24,800
36	Beijing	Beijing Xin Kang Garden	Joint venture	70%	39,910
37	Beijing	Beijing Baoding Building Shopping Arcade	Subsidiary	100%	62,286
38	Tianjin	Tianjin Xin An New World Plaza	Subsidiary	100%	96,181
39	Tianjin	Tianjin New World Garden	Subsidiary	100%	7,395
40	Tianjin	Tianjin Glorious Place	Subsidiary	100%	25,661
7a	Jinan	Jinan New World Sunshine Garden	Subsidiary	100%	26,905
8a	Shenyang	Shenyang New World Garden	Subsidiary	100%	308,833
10a	Shenyang	Shenyang New World Commercial Centre	Subsidiary	100%	9,473
11a	Anshan	Anshan New World Garden	Subsidiary	100%	56,198
41	Dalian	Dalian New World Plaza	Subsidiary	88%	69,196
42	Dalian	Dalian New World Tower	Subsidiary	100%	48,982
43	Shanghai	Shanghai Hong Kong New World Tower	Joint venture	50%	130,385
44	Shanghai	Shanghai Ramada Plaza	Subsidiary	100%	34,340
		Shanghai Belvedere Service Apartment			37,935
45	Shanghai	Shanghai Jiu Zhou Shopping Arcade	Subsidiary	100%	129
46	Wuhan	Wuhan New World International Trade Tower I	Subsidiary	100%	121,828
		Wuhan New World International Trade Tower II			10,005
14a	Wuhan	Wuhan New World Centre	Subsidiary	100%	82,317
		Wuhan New World Centre	Joint venture	60%	6,202
47	Wuhan	Wuhan K11 Gourmet Tower	Subsidiary	100%	20,947
15	Wuhan	Wuhan Guanggu New World	Subsidiary	100%	362
13a	Wuhan	Wuhan Changqing Garden	Joint venture	60%	91,097
48	Wuhan	Wuhan Xin Hua Garden	Joint venture	60%	71,769
17a	Changsha	Changsha La Ville New World Phase I	Subsidiary	48%	7,315
19a	Chengdu	Chengdu New World Riverside Phase I	Subsidiary	30%	39,064
49	Nanjing	Nanjing New World Centre	Subsidiary	100%	52,794
20a	Guiyang	Guiyang Jinyang Sunny Town	Subsidiary	50%	155,283
21a	Guangzhou	Guangzhou Dong Yi Garden	Subsidiary	100%	13,616
50	Guangzhou	Guangzhou New World Oriental Garden	Subsidiary	100%	34,159
51	Guangzhou	Guangzhou Central Park-view	Subsidiary	91%	67,187
22a	Guangzhou	Guangzhou Covent Garden	Subsidiary	100%	30,432
23	Guangzhou	Guangzhou Park Paradise	Subsidiary	100%	92,315

Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carpark and others (sq m)
	74,232			19,956
	46,378			27,014
				16,415
				34,544
				3,439
				8,051
				52,358
				11,398
	3,603			21,197
	11,725			28,185
	40,286			22,000
	78,283	6,614		11,284
				7,395
	25,661			
	7,830			19,075
	10,584			298,249
				9,473
	4,509			51,689
	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	8,657		27,894
		563		5,639
	10,367			10,580
	362			
	62,710	3,151		25,236
	36,069			35,700
	386			6,929
				39,064
	41,712			11,082
	80,142			75,141
	8,221			5,395
	21,787			12,372
29,868	17,408			19,911
	22,669			7,763
22,112	15,708			54,495

MAJOR PROJECTS PROFILE

NO	Region	Project name	NWCL's	NWCL's	Total GFA (sq m)
			Accounting Classification	Attributable Interest	
Completed Investment Properties					
52	Guangzhou	Guangzhou Park Paradise Area 6	Subsidiary	100%	22,438
53	Guangzhou	Guangzhou Xintang New World Garden	Joint venture	63%	81,549
54	Shenzhen	Shenzhen New World Yi Shan Garden	Subsidiary	100%	38,925
55	Shenzhen	Shenzhen New World Signature Hill	Subsidiary	100%	8,017
56	Shunde	Shunde New World Centre	Joint venture	42%	48,517
25a	Zhaoqing	Zhaoqing New World Garden	Subsidiary	100%	16,662
28a	Huizhou	Huizhou Changhuyuan	Joint venture	63%	30,298
57	Haikou	Haikou New World Garden Phase III	Subsidiary	100%	5,107
4a	Langfang	Langfang New World Centre District B	Subsidiary	100%	7,498
24a	Foshan	Canton First Estate Phase I (CF19A)	Subsidiary	85%	24,606
Subtotal					2,452,703

NO	Region	Project name	NWCL's	NWCL's	Total GFA (sq m)
			Accounting Classification	Attributable Interest	
Completed hotel properties					
58	Beijing	pentahotel Beijing	Joint venture	55%	23,988
59	Beijing	New World Beijing Hotel	Joint venture	70%	53,998
60	Dalian	New World Dalian Hotel	Subsidiary	100%	53,248
61	Shanghai	New World Shanghai Hotel	Subsidiary	100%	46,942
62	Shanghai	pentahotel Shanghai	Subsidiary	100%	13,353
63	Wuhan	New World Wuhan Hotel	Joint venture	60%	29,411
64	Shunde	New World Shunde Hotel	Joint venture	33%	36,524
65	Guiyang	New World Guiyang Hotel	Subsidiary	50%	39,521
Subtotal					296,985
Total (Completed investment and hotel properties)					2,749,688

Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carpark and others (sq m)
				22,438
	22,886			58,663
				38,925
				8,017
	33,577			14,940
	15,062			1,600
	354			29,944
				5,107
	5,747			1,751
11,039				13,567
100,954	876,850	214,095	—	1,260,804

Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carpark and others (sq m)
			23,988	
			53,998	
			53,248	
			46,942	
			13,353	
			29,411	
			36,524	
			39,521	
—	—	—	296,985	—
100,954	876,850	214,095	296,985	1,260,804

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
China, PRC or Mainland China:	The People's Republic of China
R&D:	Research and development
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”
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

Cbm:	Cubic metre
Km:	Kilometre
Sq km:	Square kilometre
Sq m:	Square metre

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

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

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 BANKERS

Agricultural Bank of China Ltd
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
The Bank of East Asia, Limited
China Merchants Bank Co., Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Sumitomo Mitsui Banking Corporation

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
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

Hong Kong Stock Exchange 00917

INVESTOR INFORMATION

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WEBSITE

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Chinese Version

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

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Surnames are symbolic of continuing bloodlines and transmission of heritage within Chinese clans. Surnames, families, and clans are the carriers of millennia of Chinese civilisation. Traditionally, Chinese society places high importance on families. The culture of surnames upholds the common origins of an extended family and highlights the concept of clans. The art pieces themed around the surnames “Ye” and “Fang” featured in the cover page and inserts of the annual report are commissioned works created by the young Beijing artist Xia Hang. Amongst his works “Ru Ri Fang Sheng” (Rising like the Sun) originates from the surname “Fang” (which also mean “square”), has nearly 4,700 years of history; it is an artistic musical box made of 50 wheel gears. The second work, named “Jin Zhi Yu Ye” (Golden Branches and Jade Leaves) is inspired by the family name “Ye”; it takes on the solemnity inherited by royal descendants and is presented in the shape of maple leaves. Both pieces have been set with 18K gold wheels gears and are handcrafted by the skillful artisan of Chow Tai Fook Jewellery. They are now on display at the clubhouse of New World Signature Hill in Shenzhen.

As the Group is developing in many cities in Mainland China, the theme of the design has based on the most common surnames of northern (Zhang), north eastern (Jin), central (Luo) and southern China (Chen). Using Chinese idioms that consist of these four surnames, the Group invited young designers from Mainland China and Hong Kong to produce artworks based on the unique meanings of these four surnames with their creative designs. The designs demonstrate the imagination of NWCL and echoes with the corporate branding of the New World Group — “At New World, We Are All Artisans!”, where contemporary meets heritage.



DESIGN CONCEPT

The design concept of this annual report has stemmed from the culture of Chinese surnames. Historical Chinese literatures and the emergence of the oracle have revealed that China is one of the earliest country that uses surnames. Records of Chinese ethnic surnames trace back to “*The Hundred Family Names*” from the Song Dynasty, which chronicles the development and history of the Chinese culture.



New World China Land Limited

(incorporated in the Cayman Islands with limited liability)

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