

REVIVING CULTURAL HERITAGE

Annual Report 2014



新世界中國地產有限公司

(Stock Code: 00917)



MISSIONS

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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CORPORATE PROFILE

A total GFA of property development
and investment portfolio

27.38
million sq m

Operating businesses in

24 cities
in Mainland China

A total asset value of

HK\$ 120.9
billion

Comprising

35
major development
projects

New World China Land Limited (Stock Code: 917.HK) is the flagship Mainland China property arm of the Hong Kong-listed New World Development Company Limited (Stock Code: 17.HK) 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, service 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 behavior has inspired the locals in joining us to create a more harmonious society.

Fully Localised Hong Kong Brand

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

Reliability and Reputation

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



CORPORATE PROFILE

By location

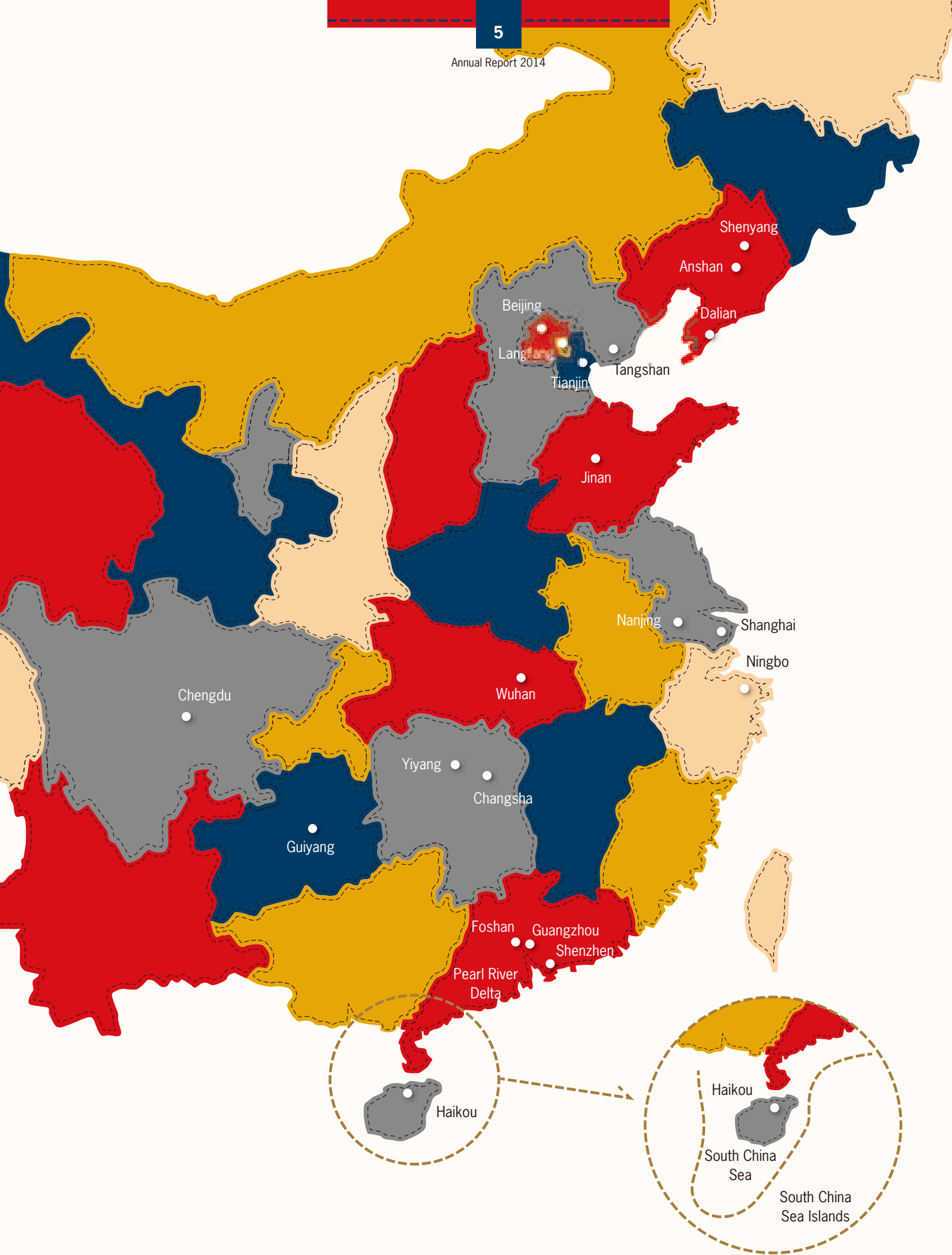
	sq m
Beijing	1,396,677
Tianjin	286,835
Langfang	710,437
Tangshan	226,506
Jinan	128,634
Shenyang	3,301,644
Anshan	1,010,558
Dalian	248,081
Shanghai	263,084
Nanjing	52,794
Ningbo	647,791
Wuhan	2,566,551
Changsha and Yiyang	1,751,859
Chengdu	3,740,973
Guiyang	4,206,111
Guangzhou	2,046,045
Shenzhen	199,615
Foshan	1,219,091
Pearl River Delta	721,525
Haikou	2,652,064
Total	27,376,875

By type

	sq m
Properties under development/held for development	24,621,754
Completed investment properties	2,458,136
Completed hotel properties	296,985
Total	27,376,875

By usage

	sq m
Residential	14,779,301
Commercial	2,993,809
Office	1,795,081
Hotel	936,301
Carpark and others	6,872,383
Total	27,376,875



CHAIRMAN'S STATEMENT

To Our Shareholders,

In FY2014, NWCL recorded a profit attributable to equity holders of the Company of HK\$4,638.69 million, representing a year-on-year increase of 0.5%. GFA sold through its property sales operation reached 1,414,886 sq m with gross sales proceeds registered at approximately RMB18,676.1 million. Overall gross profit margin for property sales maintained at 44.3%.

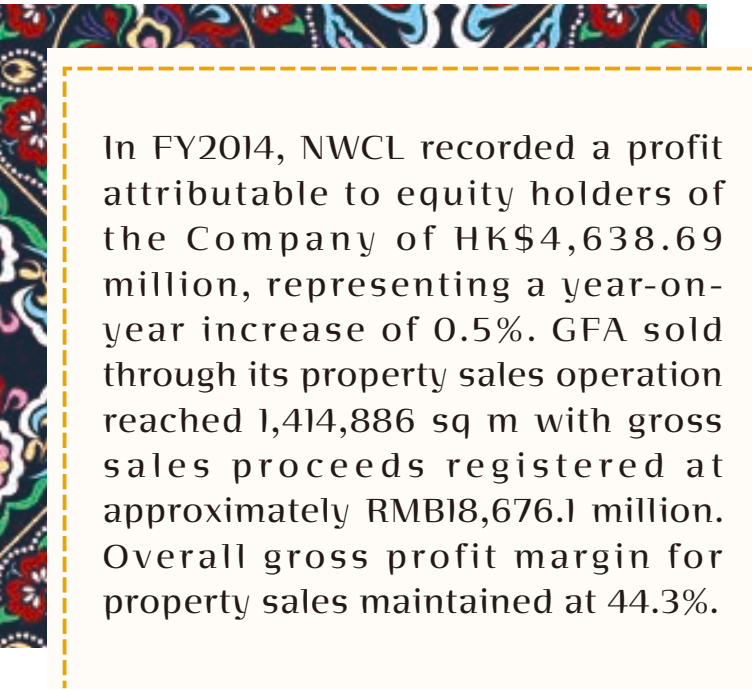
During the year under review, the global economy and geopolitical situations remained complicated and volatile. Europe and Japan had yet to see any obvious improvement in their economies, while their monetary policies remained loose. In respect to the US, despite the quarter-on-quarter economic recession of

2.1% recorded during the first quarter of 2014, the labour market continued its recovery and the market anticipated a positive bounce-back in the US economy during the second half of the year. The Federal Reserve Board of the United States continued to taper off the scale of its monthly purchase of treasury bond by USD10 billion, down to the total monthly purchase scale of treasury bond of USD15

billion as at mid-September 2014, with the termination of the treasury bond purchase programme being expected in October 2014. The market remained concerned as to when the US would raise interest rates, and speculations revolved around whether the commencement of the interest rate hike cycle would have a profound impact on the outlook of the global economy.

During the year under review, Mainland China's economy showed a slightly downward trend. During the third and fourth quarter of 2013 and the first half of 2014, China's gross domestic product recorded a year-on-year increase of 7.8%, 7.7% and 7.4% respectively. In light of this, starting from the second quarter of 2014, the Central Government, while ensuring the consistency and stability of policies, introduced a series of "micro-incentives" measures to stabilise

growth and promote reform, bringing the economy growth rate of the second quarter of 2014 to 7.5% from 7.4% in the first quarter. Meanwhile, the employment situation of the society, consumer price and household income all showed stability, thereby effectively reducing the risk of hard landing for the economy.



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With Mainland China's economy slowing down and the banks still adopting a relatively stringent credit measures in relation to the real estate industry, China's real estate investment growth rate slowed down to 14.1% during the first half of 2014, representing a 0.6% decrease as compared to January to May the same year. However, during the first half of 2014, the Central Government has exerted moderate efforts with regard to the increase in railway investment and the construction of affordable housing, which offset the impact from the decelerated growth of real estate investment. Under such backdrop, the national fixed assets investment growth rate bounced back slightly by 0.1% to 17.3% during the first half of 2014 as compared to January to May the same year, representing a rally for the first time in nine months.

Encountering the decelerating economic growth and property purchasers' waning confidence in the property market, Mainland China's property market has been on a cool-down. According to the data from the National Bureau of Statistics, the areas of commodity housing sold nationwide during the first half of 2014 amounted to 484 million sq m, representing a decrease of 6.0% as compared to the same period last year; while sales proceeds from commodity housing amounted to RMB3,113.3 billion, representing a decrease of 6.7% as compared to the same period last year. Residential areas newly constructed were 567 million sq m, representing a decrease of 19.8% as compared to the same period last year; residential areas completed were 292 million sq m, representing an increase of 6.3% as compared to the same period last year. As a result of the cooling property market and tight credits on real estate, real estate enterprises became more cautious in the acquisition of new lands. During the first half of 2014, 4,180 cases of residential land transaction were recorded in 300 cities across the country, representing a decrease of 21% as compared to the same period last year; transacted areas were 196 million sq m, representing a decrease of 16% as compared to the same period last year, indicative of the strong wait-and-see sentiment in the market.



CHAIRMAN'S STATEMENT

As real estate is the cornerstone of Mainland China's economy, the cooling down of the property market has brought forth tremendous pressure to the financial income from land disposal of local governments as well as the economy and labour market, while the sluggish property market has led to higher stockpiles in some third- and fourth-tier cities. Consequently, from the second quarter of 2014, a number of mainland cities officially or unofficially introduced in succession various loosening measures in respect of property market regulation, including a more lenient qualification approval process for residents without local household registration documents, a higher credit cap for provident fund and tax reduction, etc., so as to reduce systematic risks originated from catastrophic downside of the property market, setting off of credit defaults in some local regions as well as breaking up of capital chain of certain property enterprises.

In addition, in May 2014, the People's Bank of China ("PBOC") required each of the commercial banks to allocate credit resources in a reasonable manner and give priority to the need for loans of first-time home buyers. Furthermore, commercial banks must also set a reasonable price in

respect of the application of personal residential mortgage loan, and enhance loan issuance and approval efficiency. This shall help unleash the market's rigid demand and bring the overall property market back to a reasonable equilibrium. The above measures vindicate that the Central Government is leveraging on market means to handle the problems arising from the slowing down of the property market. Under which, more autonomy was given to local governments in controlling housing supply and formulating differentiated regulatory policies, and local policies can therefore better match with local real estate markets.

In general, various "micro-incentive" measures in Mainland China have started to take effect. As the macro-monetary policies remained stable and a number of second- and third-tier cities moderately loosened the regulatory measures of the property markets, the risk of the property market heading to a hard landing has significantly been lowered. In the medium to long-term, Mainland China's economy will maintain a steady growth which will be conducive to a healthy adjustment of economic structure, thereby augmenting the driving force of Mainland China's economy in the future. Moreover, Mainland China's urbanisation will



continue to proceed and is expected to achieve the target of relocating a population of 100 million to the cities by 2020, which, along with the rising household income, will eventually stimulate the long-term demand of the property market.

During the year under review, New World Development Company Limited, the parent company of NWCL, proposed the privatisation scheme to the shareholders of NWCL. However, the proposal was not approved at the Court Meeting of the independent shareholders of NWCL and thus lapsed. The NWCL's shares remain listed on the Hong Kong Stock Exchange. In spite of the privatisation scheme not having been passed, all businesses of the Group are operating normally and will fully continue to leverage on their own core advantages, namely their seasoned management teams, high quality landbank, and robust financial strength. Looking ahead, the Group will also devote itself proactively to consolidating cost control, enhancing product standardisation, accelerating asset turnover, and thus thoroughly seizing various opportunities brought by Mainland China's economic development.

The Group has never ceased to incorporate the elements of environmental protection as well as arts and humanities into its project designs and has exerted great effort in fostering its corporate culture, receiving extensive recognition from various sectors. A number of the Group's residential and commercial projects won the awards of environmental protection and energy-saving, both home and abroad. During the year under review, the Group launched a cultural event named "New World • City Trace Memories — A Tribute to Intangible Cultural Heritage", which won the Gold Award in the category of "Community Relations — Culture, Sports and Public Relations" in the 11th China Golden Awards for Excellence In Public Relations for the Group, an affirming testimonial to the Group's contribution to the promotion of local cultures and arts. In the future, the Group shall remain wholeheartedly committed to creating a living environment more enriched and pleasant for its clients, in return for the adamant support the Group received from its clients, shareholders and various stakeholders.

Dr Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 23 September 2014

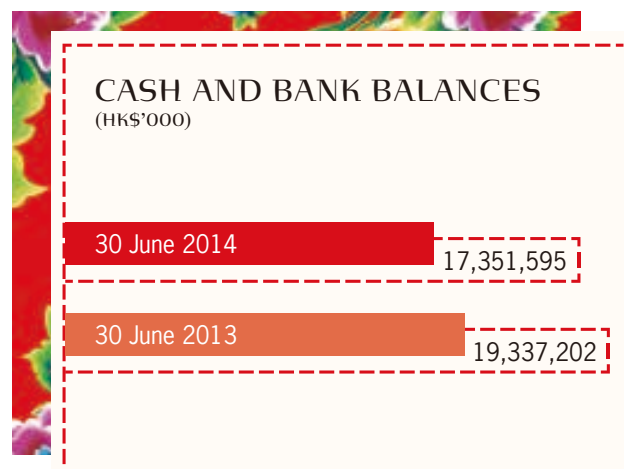
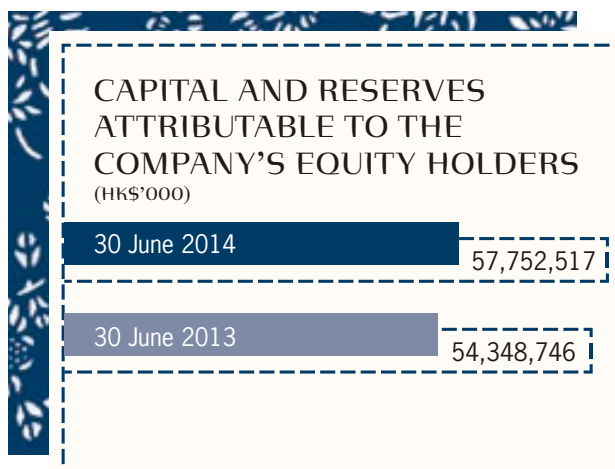
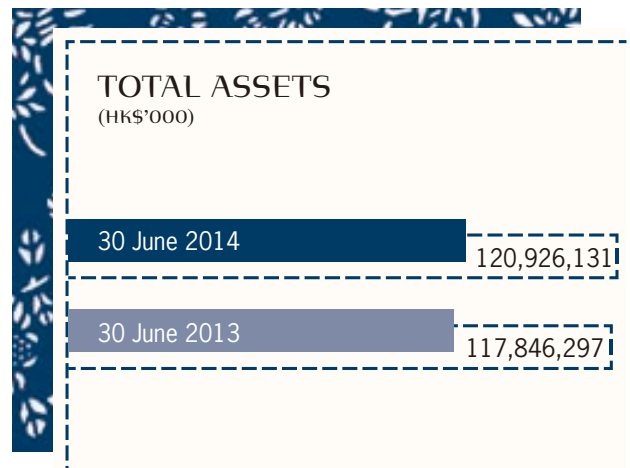
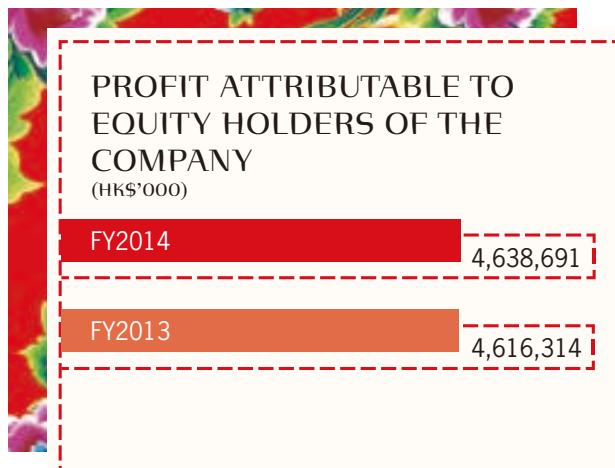
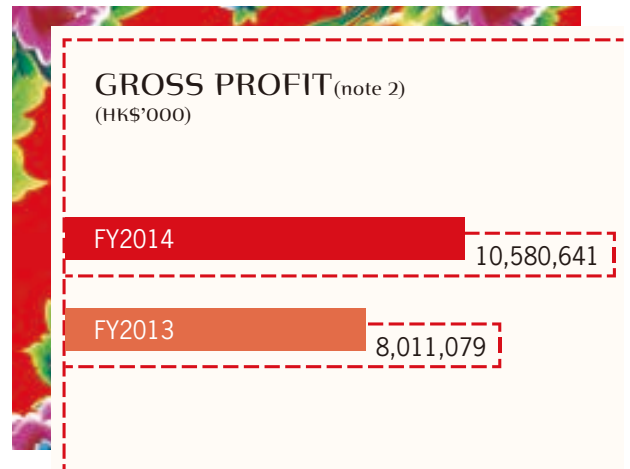
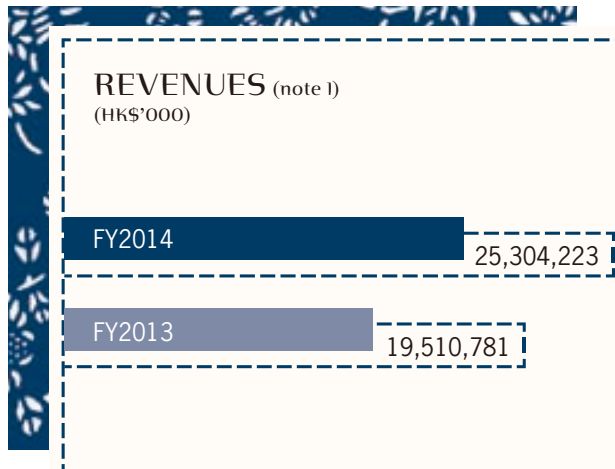


FINANCIAL HIGHLIGHTS

Operating Result (HK\$'000)	FY2014	FY2013
Revenues		
Company and subsidiaries	22,379,855	16,153,872
Share of associated companies and joint ventures (note 1)	2,924,368	3,356,909
	25,304,223	19,510,781
Representing:		
Sale of properties	22,017,383	16,960,961
Rental income	1,262,835	1,155,822
Income from hotel operation	490,246	444,641
Property management services fee income	524,908	422,960
Hotel management services fee income	529,749	471,305
Contracting services income	479,102	55,092
	25,304,223	19,510,781
Gross Profit		
Company and subsidiaries	9,282,233	6,758,439
Share of associated companies and joint ventures (note 2)	1,298,408	1,252,640
	10,580,641	8,011,079
Profit attributable to equity holders of the Company	4,638,691	4,616,314
Earnings per share (HK cents)		
Basic	53.49	53.32
Diluted	53.45	53.29
Dividend per share (HK cents)		
Interim	4.00	3.00
Final	3.00	4.00
Full year	7.00	7.00
Financial Position (HK\$'million)	As at 30 June 2014	As at 30 June 2013
Cash and bank balances	17,351.6	19,337.2
Total assets	120,926.1	117,846.3
Total liabilities	59,607.5	60,142.7
Capital and reserves attributable to the Company's equity holders	57,752.5	54,348.7
Financial Ratios		
Current ratio (times)	1.89	2.34
Net debt to equity ratio	36.0%	30.6%

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

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



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

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

HERITAGE

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





Title of sculpture: Spreading Wings
Inspiration: Intangible Cultural Heritage of Shandong
— Nut carving

Nut carving is a unique folk art of miniature sculpture made of the pits of peach and apricot. The patterns and themes of nut carving are diversified and vivid. This extremely fine carving is well-known for its mini-size and exquisite craftsmanship.

BUSINESS REVIEW

Highlights

In 2014, Beijing has further accelerated the optimisation and upgrading of its industrial structure as well as enhanced the benefits of development of service economy. Beijing's GDP was RMB1.95 trillion, up 7.7% compared to last year, of which the contribution of the tertiary industry, represented by service, cultural and creative industries, to the whole city's GDP increased to 76.9%. Disposable income of urban residents per capita for the year reached RMB40,321, surging by 10.6% annually. At the end of 2013, amount of domestic and foreign currency deposits and loan outstanding of Beijing reached RMB9.17 trillion and RMB4.79 trillion respectively, which corresponded to an increase of RMB658.9 billion and RMB457.9 billion respectively comparing to the start of the year.

Beijing New World Centre Phase I and II



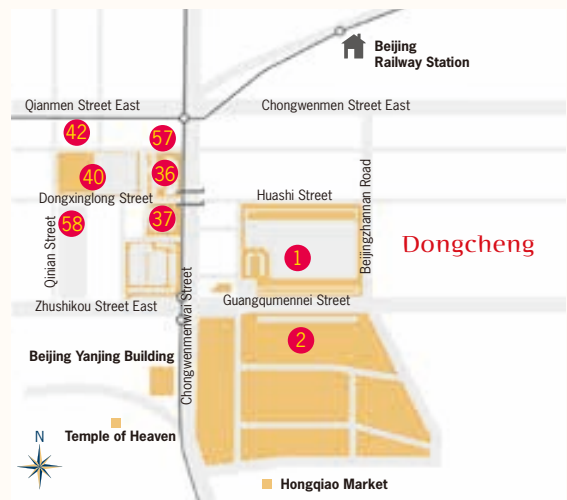
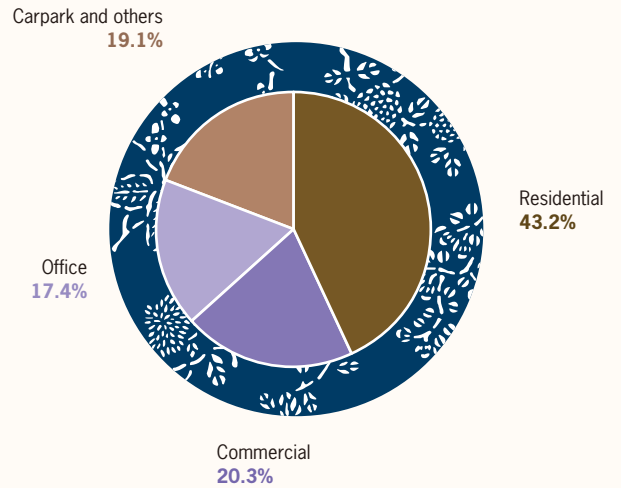
Beijing focused its urban planning on developing new districts, primarily on the transformation of Tongzhou into a world class metropolis. It focuses on developing Shunyi, Yizhuang in Daxing District, Changping and Fangshan, with the aims of carrying out the functions of a city centre and easing up crowding. Beijing will also nurture businesses and cultural streets with unique branding concept in the city centre, as well as speed up construction projects in the sub-city centres and new towns, where the full-fledged comprehensive service system enhances the city's attractiveness.

The integration process of Beijing and nearby regions accelerated with Beijing being the core city in the Beijing-Tianjin-Hebei Economic Circle. The construction of "Beijing Seventh Ring" is picking up speed. A total of 437 km has been completed in the southwestern ring. A 850 km out of a total 940 km of the outer ring will be built in Hebei province, connecting Beijing-Zhangjiakou, Beijing-Shenyang, Beijing-Shanghai, Beijing-Taipei, Daqing-Guangzhou, Beijing-Hong Kong-Macau expressways, etc. to form a "one ring, six expressways" network in order to ease traffic pressure of Beijing and to bring cities closer together at the same time.



Beijing development properties

Three major properties with total GFA 896,375 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

PROPERTY PORTFOLIO

Beijing Xin Yi Garden Phase III Commercial Building is a mixed-use development project located in Beijing Chongwen New World commercial hub at the northern end of Qianian Street, and was completed in October 2013. The GFA of the project is approximately 91,000 sq m, with around 20,000 sq m of office and commercial property having been sold.

Situated in New World and Hongqiao commercial hubs next to the Temple of Heaven, Beijing Yanjing Building has a GFA of approximately 33,000 sq m which is planned for sale. As an iconic integrated development project of Chongwen New World commercial hub, Beijing New World Centre Phase I and II maintain a 100% occupancy rate, and their rental income increased stably.

The Group's latest residential development project, comprising low-density high-end residential units, is situated in Yuzhuang Central Villa Zone, Shunyi District in northeastern Beijing, adjoining the exit of the Beijing Future Science & Technology Park of Jingcheng Expressway, which makes it a convenient place to travel to and from the city centre or the airport. The GFA of the project is 140,000 sq m, providing 308 villas, among which "Li Zun" residence on the east side is expected to be launched for presale in the fourth quarter of 2014.

pentahotel Beijing has seen its rises in both occupancy rate and revenue during the year under review, while the nearby New World Beijing Hotel, the first five-star hotel in Beijing Chongwen New World commercial hub with 309 rooms, commenced its business in November 2013.



Beijing Xin Yi Garden Phase III Commercial Building



Beijing Yanjing Building



Beijing Yuzhuang Project



New World Beijing Hotel



pentahotel Beijing

Beijing — completion schedule of properties for sale

sq m

FY2015

Beijing Yuzhuang Project Phase I

60,061

Total

60,061

BUSINESS REVIEW

Highlights

Over the last year, Tianjin has developed its own edge and continuously added force to the development of the northern region. In 2013, Tianjin has invested in 1,100 industrial fixed-assets projects of over RMB50 million each, with a total investment amount of RMB650.6 billion. The retail sales of social consumer goods reached RMB447 billion, a year-on-year increase of 14%. The number of cumulative approved foreign enterprises and institutions reached 144, with a total investment amount of USD2.61 billion, up 15.2% compared to last year. A total of 150 major industrial projects started operations. Pillar industries accounted for over 90% of the city's overall industrial sector. Such strategically and newly developed industries as aerospace, new information technology and biomedicine expanded rapidly.

Tianjin Xin Hui Hua Ting



The Beijing-Tianjin-Hebei Economic Circle confirmed the dual core positions of Beijing and Tianjin. To take advantage of this opportunity, Tianjin is actively building a platform to undertake the industries which will be shifted away from Beijing. Tianjin will position itself as an economic centre, a northern shipping and logistics hub as well as a financial centre. It will divert the airport cargo from Beijing Capital International Airport, as well as establish a tech-city and link up with the development of Beijing's key institutions. Tianjin Binhai New District will build a new central business area in order to accommodate the transfer of financial, cultural and other high-end industries from Beijing. The construction of the Cooperation Demonstration Zone of Beijing and Tianjin will soon commence, becoming a modern city with technological R&D transferred from Beijing.

In March 2014, Tianjin took on a unified approach for the urban planning of its northern region, positioning itself as "one centre, two bases and one new town" that represents the northern public service centre, a high-technology base, an eco-living and tourism base, and an eco-new town.

PROPERTY PORTFOLIO

Tianjin Xin Hui Hua Ting, covering a total GFA of approximately 280,000 sq m, is a mixed-use development project comprising residential, apartments and commercial in the city centre.

Situated on the dual transportation network of Subway Lines 2 and 4, the project enjoys well-established surroundings and transport support. Since launching the residential portion of the project for sale in 2012, it has been in hot pursuit by buyers, with the sales rate reaching 98%. All units have been completed progressively since June 2014.

"Xin Yu Gong Guan", the apartment portion of Tianjin Xin Hui Hua Ting, was launched for sale in July 2014. The project provides around 530 fully-furnished apartments which primarily comprise 57 sq m one-bedroom and 128 sq m two-bedroom apartments.



Perspective of Tianjin Xin Hui Hua Ting commercial portion



Interior of "Xin Yu Gong Guan" apartment of Tianjin Xin Hui Hua Ting

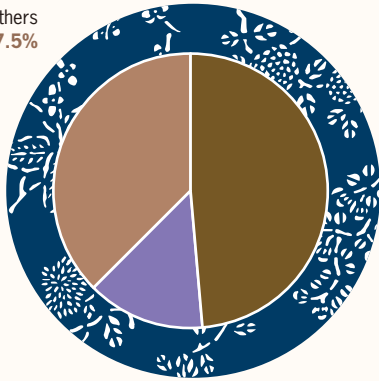
BUSINESS REVIEW

TIANJIN

Tianjin development properties

One property with total GFA 183,259 sq m

Carpark and others
37.5%

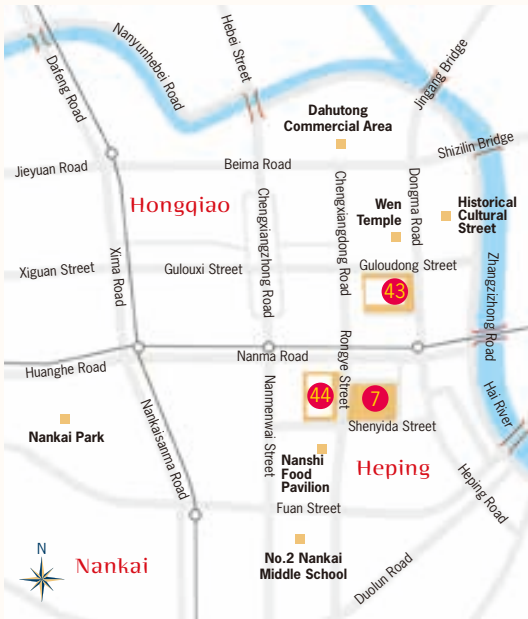


Residential
48.8%

Commercial
13.7%

Tianjin — completion schedule of properties for sale

	sq m
FY2015	
Tianjin Xin Hui Hua Ting	89,376
Total	89,376



Subway

Bridge

- 7 Tianjin Xin Hui Hua Ting
- 43 Tianjin Xin An New World Plaza
- 44 Tianjin New World Garden

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

BUSINESS REVIEW

Highlights

Langfang is continuously striving for optimising its industrial structure, which is expecting to become a point of breakthrough of new growth within Beijing and Tianjin area and positioning itself as an international airport hub. The new capital airport will be located at the junction of Beijing and Langfang, and the construction has sped up. Emerging industries are also projected for continued growth. The revenue of the information technology industry reached RMB25.3 billion, which topped in industry size and growth rate in Hebei province. Runze International Information Port project, which is currently under construction with a total investment amount of RMB9.8 billion and GFA of 2.62 million sq m, will become China's top cloud computing base and largest information storage base. The modern service industries such as finance, logistics as well as research and development, progressed continuously. Moreover, modern agricultural industry has witnessed buoyant growth, with an operational rate reaching 66.5%, being the best in the province.

Perspective of the residential portion of Langfang New World Centre "Victoria Garden"



BUSINESS REVIEW

LANGFANG

PROPERTY PORTFOLIO

Langfang New World Centre is situated in the Zhougezhuang commercial core area in the city centre with a GFA of 440,000 sq m. It is a large-scale comprehensive development project which comprises a high-end shopping centre, five-star hotel, residences, townhouses, luxurious apartments and grade-A offices. The whole project is estimated to be completed in 2016.

The two residential blocks in District C of Langfang New World Centre, “Victoria Garden” Phase I, have been launched for sale since April 2014, with two- to three-bedroom units ranging from 99 to 180 sq m. Market response was overwhelming and the sales rate reached 86%. “Causeway Bay Mansion” at District B provides 289 apartments ranging from 50 to 100 sq m. A 74% sales rate has been achieved since its launch in November 2013.

Langfang New World Garden is located at Jianta, the new administrative area of Langfang in future, which is of great development potential. The project mainly consists of residences and commercial facilities with a GFA of 367,000 sq m. It provides 1,754 residential units, aiming to create a high quality lifestyle area within the district. The project was launched for presale for the first time in July 2014 and is expected to be completed in 2017.



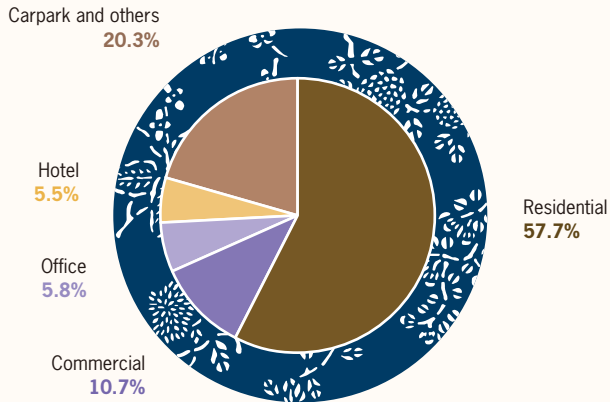
Full perspective of Langfang New World Centre



Perspective of Langfang New World Garden

Langfang development properties

Two major properties with total GFA 704,969 sq m



Langfang — completion schedule of properties for sale

sq m

FY2015

Langfang New World Centre District B 20,802

Langfang New World Centre District C1 101,631

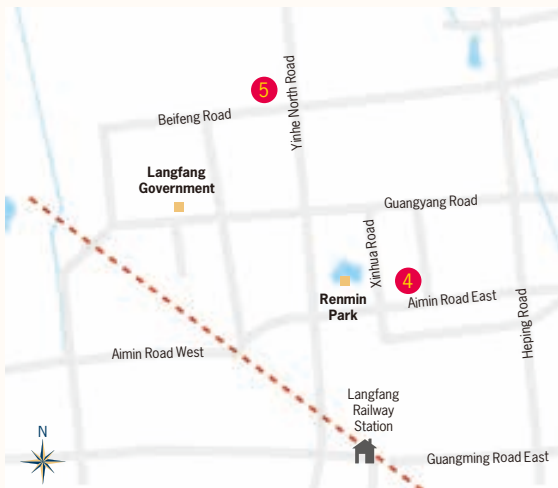
Total 122,433

FY2016

Langfang New World Centre District A and C2 135,665

Langfang New World Garden District 3 92,710

Total 228,375



--- Beijing-Tianjin Intercity High-speed Railway

🏠 Railway Station

④ Langfang New World Centre

⑤ Langfang New World Garden

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

BUSINESS REVIEW

Highlights

As the key industrial city in Northern China, Tangshan maintains stable economic growth. Its GDP in 2013 reached RMB612.1 billion, up 8.3% year-on-year. Investment in fixed assets was RMB357.6 billion, up 18.5% compared to last year, and the average income per capita of urban residents rose by 9.4% year-on-year to RMB26,647. As a hub of energy, raw materials, building materials and subsidiary agricultural products for Beijing and Tianjin, Tangshan has formulated concrete development plan and adjusted the enhancement roadmap towards traditional industries such as steel and building materials.

Perspective of Tangshan New World Centre



Tangshan is picking up its speed with regard to coastal economic development. Cargo throughput of Tangshan Port reached 446 million tons, which ranked seventh among all the other ports in China. In addition, 30 service projects in the coastal business district of Baojun Finance Street commenced. Apart from these, Tangshan is accelerating its preparation work for the 2016 World Horticultural Exposition, while the overall and detailed planning, as well as landscaping have been completed.

PROPERTY PORTFOLIO

Tangshan New World Centre is situated in the commercial centre of the city, a prime location equipped with core transportation, business, medical and residential facilities. The GFA of the project is approximately 300,000 sq m, comprising a mix of commercial, office, apartment and residence, among which the 33-storey office building will become the tallest building in this area upon completion. The whole project is expected to be completed in mid 2015.

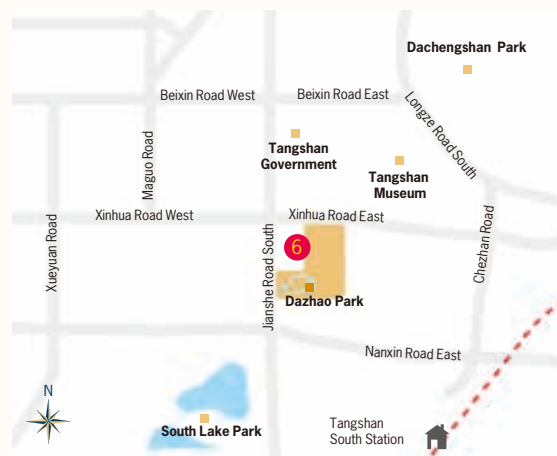
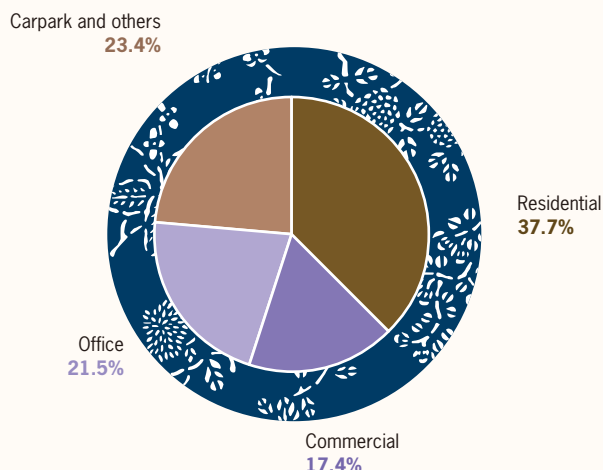
The residential portion of Tangshan New World Centre is adjacent to Dazhao Park, providing accommodation ranging from 134 to 179 sq m. It is the first residential property with a “Central Park” concept within the area, and was first launched for sale in 2013.



Perspective of residential interior of Tangshan New World Centre

Tangshan development properties

One property with total GFA 226,507 sq m



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

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

Tangshan — completion schedule of properties for sale		sq m
FY2015		
Tangshan New World Centre		173,452
Total		173,452

BUSINESS REVIEW

Highlights

Jinan achieved an annual GDP of over RMB520 billion in 2013, a year-on-year increase of around 9.6%. After adjusting the industrial structure, the share of the service sector increased to 55% of the GDP and that of high-tech industries accounted for 40.6% of the overall industrial output of the city.

Jinan Sunshine Garden



The quality of urban functions of Jinan has been enhanced. Supporting by both district development and major infrastructural construction, Jinan actively developed toward the northern area, expanding the area of the city centre to the north of the Yellow River and to the south of Jiyang County. Moreover, Jinan rolled out several planning initiatives such as the detailed planning of Zhonggong, Liubu and three towns of Xiyang, tourism plan of the southern part of mountain areas and strategic planning of northern new towns. The demolition and reconstruction of the areas of Xinglong, Nanbeikang, Huashan, Xueshan, etc., as well as the construction of Intangible Cultural Heritage Exposition are currently picking up speed.

Jinan and its six neighbouring cities are now connected through expressways. The departure interval from Jinan Bus Terminal to other cities is now less than 30-minute, forming a “one-hour metropolitan circle”. In the next few years, Jinan will build an inter-city rail network, and create a “half-hour metropolitan circle” among Jinan, Zibo, Tai’an and other surrounding cities.

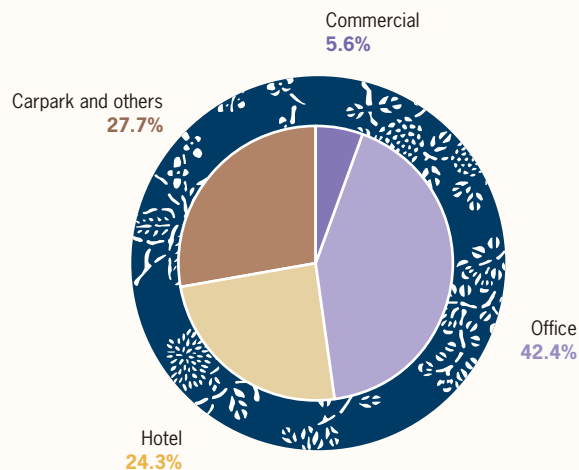
PROPERTY PORTFOLIO

Jinan Sunshine Garden, situated in Huaiyin District of Jinan City, is divided into east and west zones. Currently Jinan Sunshine Garden Phase III Eastern District II is under development, and eight blocks with fully-furnished residences have been launched for sale, providing a total of 1,326 units ranging from 59 to 245 sq m with sales rate reaching 77.5%. The residences of Eastern District II were completed and delivered to owners in June 2014.

Besides residential projects, the commercial portion of Jinan Sunshine Garden has a GFA of 78,000 sq m with commercial, office and hotel. The project is currently under construction and expected to be launched for sale in September 2015 and will be completed in March 2016.

Jinan development properties

One property with total GFA 77,197 sq m



- Railway
- 🏠 Railway Station
- 8 Jinan Sunshine Garden

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

Jinan — completion schedule of properties for sale

	sq m
FY2016	
Jinan Sunshine Garden Remaining Portion	37,061
Total	37,061

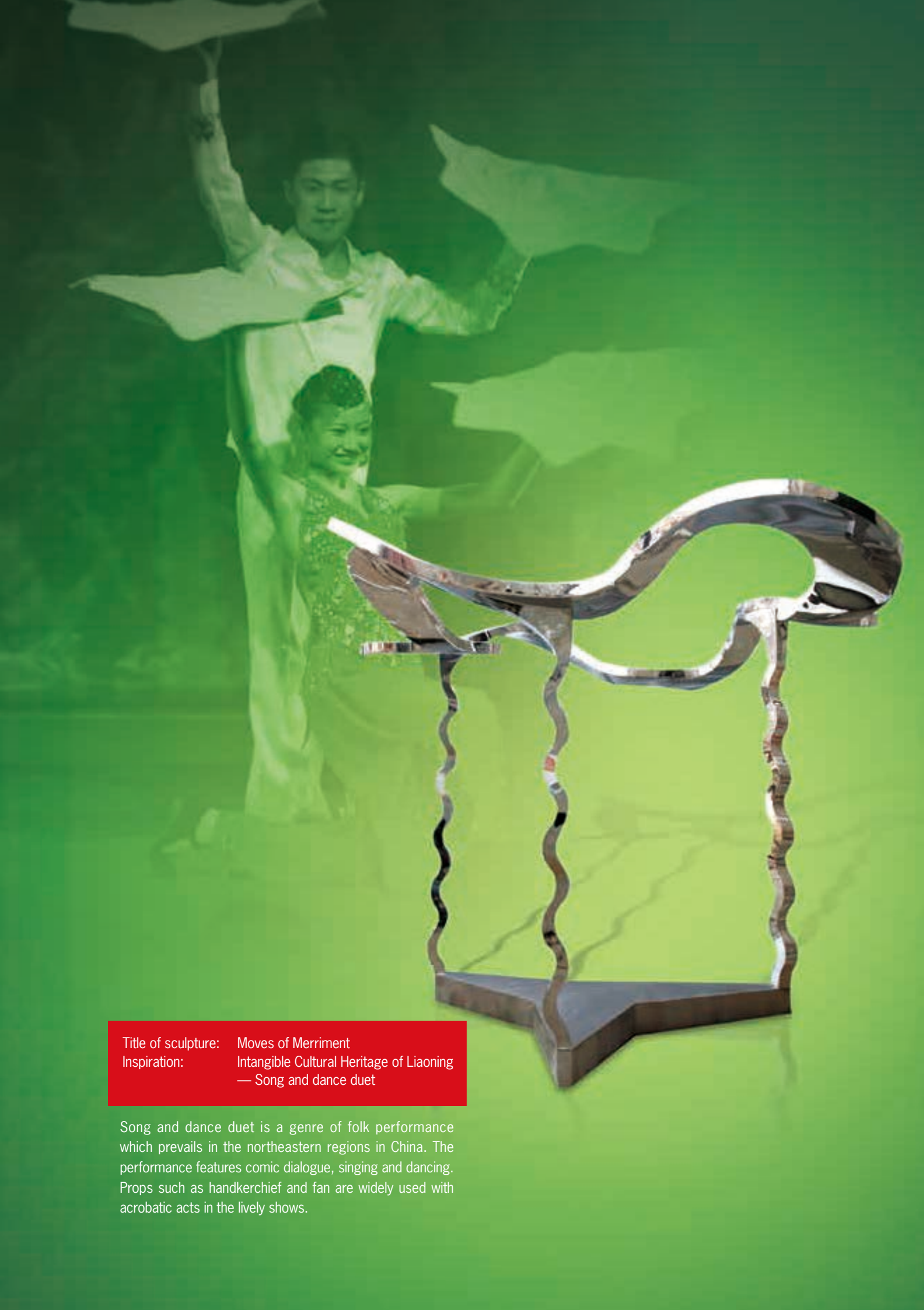


COMMUNICATION

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



Northeastern Chinese Peony Print



Title of sculpture: Moves of Merriment
Inspiration: Intangible Cultural Heritage of Liaoning
— Song and dance duet

Song and dance duet is a genre of folk performance which prevails in the northeastern regions in China. The performance features comic dialogue, singing and dancing. Props such as handkerchief and fan are widely used with acrobatic acts in the lively shows.

BUSINESS REVIEW

Highlights

Being the key industrial, commercial and service centre in Northeastern China, Shenyang's service industry has been developing steadily. In 2013, the growth of the value of such industry reached RMB313 billion, representing an increase of 8% year-on-year. The functionality of the Golden Corridor central business district has further improved, coupled with the speeding up of the transformation and upgrade of traditional business district, and encouraging the extension of the service hour of corporations, thus making the night economy more vibrant. The construction of this financial centre of northeastern region has accelerated as well. 35 financial and investment institutions were set up and Liaoning Equity Exchange is now in service. The emerging industries are developing steadily and projects such as the Shenyang National University Science Park, Shenyang Sishui Science and Technology Town, and the Shenyang Metal and New Material Industrial Park are well underway.

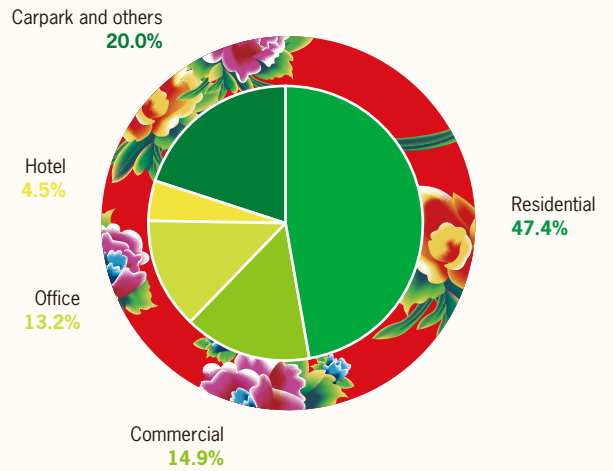
Shenyang New World Garden is located at the riverside of Hun River



In November 2013, the 12th session of the Standing Committee of Liaoning Province reviewed the unification of administration of Shenyang and Fushun. Situated between the two cities, Shenfu New Town's 130,000 residents may become the first batch who can attain household registration record in Shenyang. In order to encourage migration flows, household registration restrictions will be relaxed in the economic circle of the eight cities including Shenyang, Anshan, Fushun, Yingkou, Fuxin, Liaoyang, Tieling and Benxi.

Shenyang development properties

Three major properties with total GFA 2,952,856 sq m



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

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



BUSINESS REVIEW

SHENYANG

PROPERTY PORTFOLIO

Shenyang New World Garden Phase II B “New World • The Riverpark” is situated in Heping District of Shenyang City, adjoining the Second Ring and Shenshuiwan Park, while enjoying the dual business prosperity of Golden Corridor Qingnian Street and Sanhao Street. This prime location is well served by medical and financial facilities nearby and convenient public transport. Shenyang Royale Club Phase II, a luxurious clubhouse within the community, satisfies the leisure and entertainment needs of the owners. A total of 1,248 units of “New World • The Riverpark” were launched for sale during the year under review with satisfactory sales results.

“New World • The Masterpiece Crescent”, also part of Phase II B development, is located along the riverside in Shenyang New World Garden, boasting the view of the beautiful northern bank of the Hun River. The project provides 82 detached and semi-detached villas ranging from 480 to 1,700 sq m, representing a truly one-of-a-kind residential property development in Heping District.

“New World • The Elite”, located at the tower of Shenyang New World Commercial Centre Phase I, is an iconic fully-furnished apartment in Taiyuan Street commercial hub in Shenyang. The project is situated in a prime area which is only one block away from Zhongshan Park, adjoining Subway Lines 1 and 4, and enjoying multiple public transport networks. The interior design of the apartments of “New World • The Elite” are crafted by a famous Hong Kong designer, and the stylish units are well-suited for both businesses and residences. A total of 190 units were launched for sale during the year under review.



Shenyang New World Garden “New World • The Riverpark”



Shenyang New World Garden Phase II B “New World • The Masterpiece Crescent”



The apartment interior of Shenyang “New World • The Elite”

Shenyang New World Centre is situated in the southern tip of Golden Corridor, Heping District of Shenyang. Standing at the riverside of Hun River, it enjoys a scenic surroundings. The GFA of the project is approximately 1.3 million sq m, comprising a rich mix of convention and exhibition centre, hotel, office, shopping mall, apartment and entertainment facility. Phase I of the project includes Shenyang New World Expo, Shenyang Expo New World Hotel and Shenyang K11 Art Mall. The project is poised to become the landmark of Shenyang.

Shenyang — completion schedule of properties for sale

	sq m
FY2016	
Shenyang New World Centre Phase I and II A	80,884
Shenyang New World Garden	43,906
Total	124,790



Perspective of Shenyang New World Centre

BUSINESS REVIEW

Highlights

Anshan maintained healthy economic growth in 2013 with annual GDP reaching RMB262.3 billion, increasing by 9% year-on-year. Fixed asset investment reached RMB197 billion, representing an increase of 20% year-on-year. As the major city for steel production nationwide, Anshan will continue to focus on the transformation and advancement of traditional industries, with a view to turning Anshan into the world's leading industrial base of intensive processing of steel. The construction of 14 service industry zones within the city is accelerating, including Tiedong Central Business District, Tanggangzi Leisure Park, Dadaowan Modern Service, Haichengxiliu Professional Market, etc.

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



At the same time, laser technology, high-end valves, colour-coated boards, fine chemicals, renewable energy batteries and other emerging industries have been growing rapidly. In 2014, the investment in emerging industries grew by 49.4%, which is 24% higher than that in traditional industries.

The flight from Anshan to Shanghai commenced officially in December 2013, shortening the travel time by two hours and thereby promoting economic exchanges between Anshan and other eastern coastal cities.

PROPERTY PORTFOLIO

Anshan New World Garden is situated in the core area of Anshan High-Tech Zone, adjoining the Dongshan Scenic Area and enjoying pleasant natural sceneries. Anshan New World Garden Phase I District A2 “New World • Parkview Terrace” provides residential units ranging from 82 to 230 sq m, catering to the varying demands of apartment buyers. During the year under review, 507 units were launched, achieving satisfactory sales results.

Phase II of Anshan New World Garden “New World • The Grandiose” is a low-density residential development situated along a hillside, embracing a rare natural habitat. “New World • The Grandiose” provides semi-detached and duplex villas ranging from approximately 350 to 530 sq m. During the year under review, 28 villas were launched with satisfactory sales performance.



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

BUSINESS REVIEW

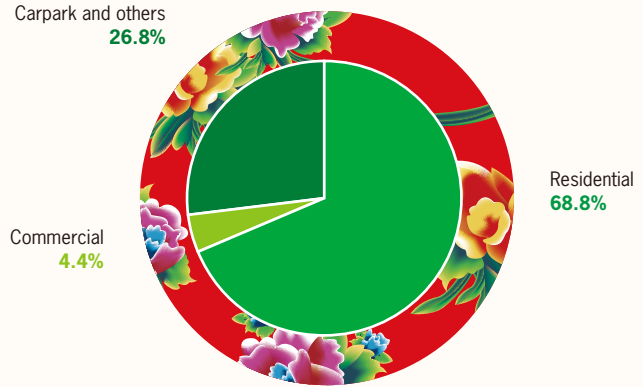
ANSHAN



The residential interior of Anshan New World Garden Phase I "New World • Parkview Terrace"

Anshan development properties

One property with total GFA 956,040 sq m



Anshan — completion schedule of properties for sale

sq m

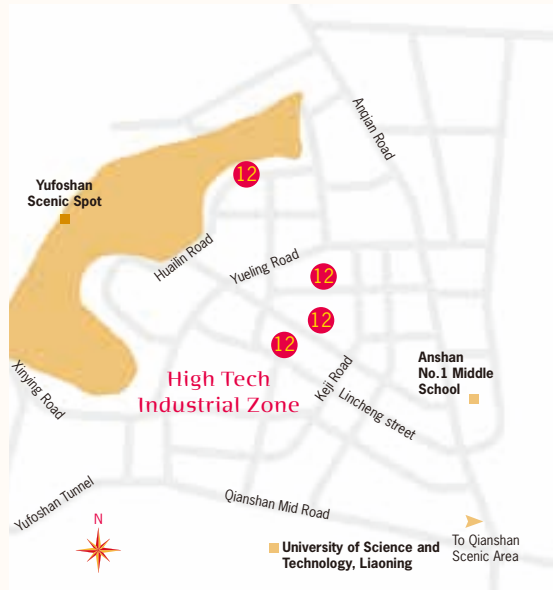
FY2016

Anshan New World Garden

81,362

Total

81,362



12 Anshan New World Garden

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

BUSINESS REVIEW

Highlights

Being the second largest city of Liaoning Province, Dalian is of vital importance to the economic development of the entire northeastern region. The annual GDP of the city in 2013 reached RMB782 billion, representing an increase of 11% year-on-year. Disposable income of urban resident per capita reached RMB30,238, increasing by 9.8% year-on-year. Meanwhile, construction of a number of major infrastructural and industrial projects such as the Dandong-Dalian speed railway, Southern Coastal Road, Dalian Bay Harbour Tunnel and Hengli Petrochemical Phase II are being expedited. Strategic emerging industries are booming, among them the marine engineering and production of nuclear power equipment rank first in the country.

Dalian New World Tower



BUSINESS REVIEW

DALIAN

Modern service industries of Dalian also keep growing. Corporate R&D centres of Global 500 companies such as those of IBM, Fuji Xerox, Oki Electric Japan, Omron and Eli Lilly have set up offices in the high-tech zone and ecological technology innovation city. There are 115 corporate headquarters in the city.

In June 2014, the draft “Dalian Rail Transit Construction Planning Document (2014–2020)” was released. This round of rail transit construction will include Subway Line 5, Line 4, Line 7, northern extension of Line 1 and Phase I of Line R1, with a total length of 95.1 km. Subway Line 1 and Line 2 of the rail transit will be in trial service during the second half of 2014.

PROPERTY PORTFOLIO

Located in the core business area of Dalian Zhongshan District, Dalian New World Tower Phase II “The Pinnacle” provides 941 units of fully-furnished harbour view apartments of 65 sq m or above. It also offers the flexibility to utilise the whole floor of 1,758 sq m as a multifunctional business space.

Since opening for sale in early 2013 till the end of FY2014, “The Pinnacle” has launched 300 units, reaching a 90% sales rate and outperforming all the other high-end apartments in Zhongshan District.

Located also in the Dalian New World Tower, New World Dalian Hotel provides 420 spacious and comfortable hotel rooms which embrace the harbour and the beautiful city views. The hotel was voted “The Best Business Hotel in Dalian” in the 2013 Business Traveller China Awards.



The apartment interior of Dalian New World Tower Phase II “The Pinnacle”



New World Dalian Hotel

Dalian development properties

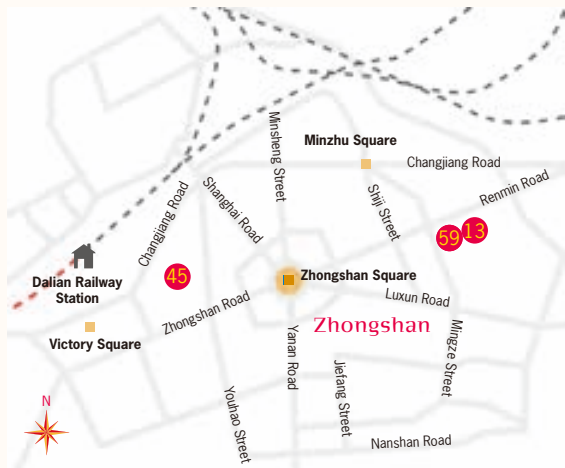
One property with total GFA 76,655 sq m



Residential
100.0%

Dalian — completion schedule of properties for sale

	sq m
FY2015	
Dalian New World Tower Remaining Portion	76,655
Total	76,655



- - - High-speed Railway
- - - Railway
- Railway Station
- 13 Dalian New World Tower
- 45 Dalian New World Plaza
- 59 New World Dalian Hotel

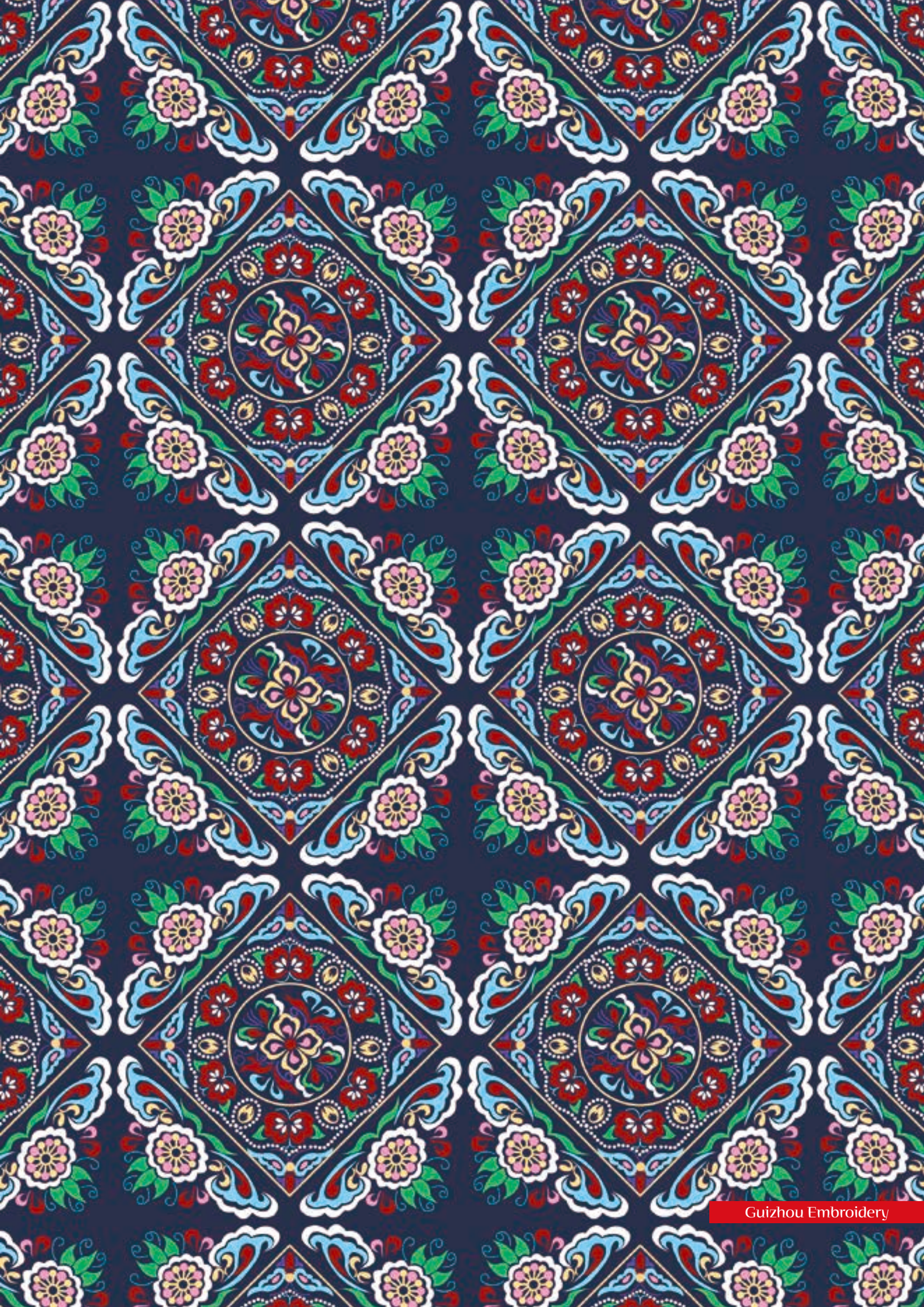
For details of the Group's project portfolio, please refer to "Major Projects Profile".





HARMONY

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





Title of sculpture: Delicate Sophistication
Inspiration: Intangible Cultural Heritage of Guizhou
— Miao embroidery

Guiyang Miao embroidery is an art itself, as well as the witness of the migration of the Miao tribe. The patterns of the embroidery are rich, mysterious and colourful, while the themes are often related to folk lives, embodying abundant cultural connotations.

BUSINESS REVIEW

Highlights

Shanghai plays a vital role in the country's economic development. In 2013, Shanghai's GDP grew by 7.7% year-on-year. During the year, international economics, finance, trading and shipping functions were enhanced, and government bond futures, asphalt futures and gold trade funds were also successfully introduced. An air cargo consolidation centre and a cross-border e-commerce pilot centre were also implemented.

Shanghai Hong Kong New World Tower and Shanghai K11 Art Mall



SHANGHAI

In 2014, the focus has been on the establishment of China (Shanghai) Pilot Free Trade Zone, comprehensive deepening of reform and opening, promotion of financial opening and innovations; implementation of RMB cross-border use; convertibility of RMB capital account; interest rate marketisation, reform of foreign currencies management as well as promotion of real economic development, so as to further enhance the international competitiveness of Shanghai.

In June 2014, the State Council passed the “Medium- and Long-term Planning for the Development of Logistics”, planning to position Shanghai as an integrated transport corridor and create the Yangtze River Economic Belt. The opening of the Shanghai-Wuhan-Chengdu high-speed railway and Shanghai-Chengdu-Chongqing railway has made the Yangtze River Economic Belt more accessible.

PROPERTY PORTFOLIO

Shanghai Hong Kong New World Tower is situated on a golden section of Huaihai Road Central, with excellent property management and top-notch commercial facilities. During the year under review, the tenant mix was optimised, while the total occupancy rate maintained at around 90% to 95%.

Shanghai K11 Art Mall, located at the commercial podium of Shanghai Hong Kong New World Tower, has become the focus of style and culture in Shanghai within only one year since opening, attracting various international brands to move in. Shanghai K11 regularly holds various kinds of art exhibitions, among which Claude Monet's painting exhibition attracted 350,000 visitors, reaching a top record of 8,000 visitors in a single day, driving a 30% increase in the flow of customers and revenues. During the year under review, Shanghai K11 Art Mall has maintained a full occupancy status, and becoming the successful model of commercial transformation in Huaihai Road Central.



Shanghai K11 Art Mall



Shanghai K11 Art Mall holds the Claude Monet's painting exhibition in its art space in the basement



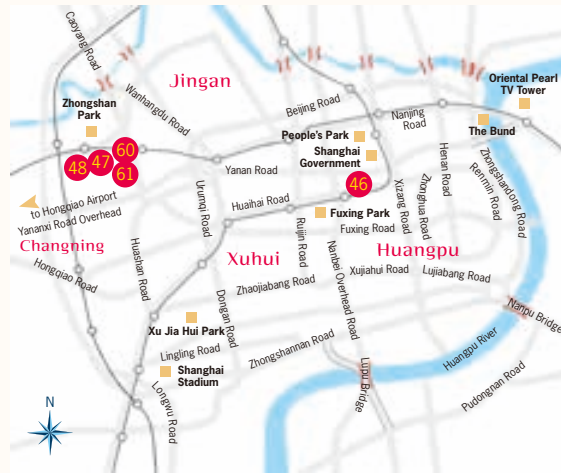
Shanghai Belvedere Service Apartment

BUSINESS REVIEW

SHANGHAI

Shanghai Belvedere Service Apartment continues to explore different channels to expand clientele, including the promotion of short-term rentals and cooperation agreements. The occupancy rate maintained between 85% and 90% with stable revenue.

Located opposite Zhongshan Park in Changning District, both New World Shanghai Hotel and pentahotel Shanghai cater to the varying needs of clients. New World Shanghai Hotel achieved an increase in both its occupancy rate and revenue in this financial year after its completion of major renovation.



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



New World Shanghai Hotel

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



BUSINESS REVIEW

Highlights

Well located in the middle of the coastline of Eastern China and to the southern side of the Yangtze River Delta, Ningbo has been a key port in Eastern China for years, commanding strong internal and external economic radiation. In 2013, the annual GDP reached RMB710 billion, representing an increase of over 8% year-on-year. Economic development continues to progress steadily. Modern logistics, cultural and innovation, finance, tourism and other industries spurred its growth. The Ningbo Advertising Industrial Park became the national pilot zone. The proportion of the growth in value of the service industry as part of the GDP increased to 43.5%. In addition, the construction of Zhejiang Ocean Economic Development Core Demonstration Area has been speeding up steadily. Port cargo and container throughput grew by 9.5% and 7% respectively.

Perspective of Ningbo New World Plaza



BUSINESS REVIEW

NINGBO

From 2014 to 2016, Ningbo will implement a three-year economic and social transformation and advancement plan. Five major construction projects and 409 major projects will be launched with a total investment amount of around RMB470 billion. In May 2014, phase I of Ningbo Subway Line 1 officially commenced operation which made Ningbo the second city with subway in Zhejiang Province. Phase I of Subway Line 2 will commence its services at the end of 2015.

PROPERTY PORTFOLIO

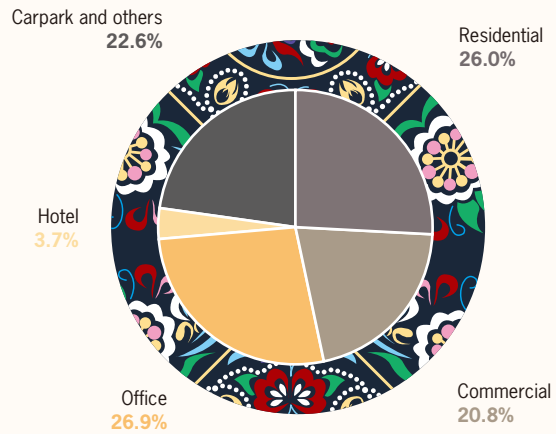
Ningbo New World Plaza is situated in the core area of Jiangdong in the city centre of Ningbo, which is the key area of the riverside area where the three rivers meet. The project stands on a prime location with convenient transport, enjoying the business prosperity of the city.

Ningbo New World Plaza has a total GFA of 780,000 sq m, a mixed-use development project comprising K11 Art Mall, hotel, service apartment, commercial facility and central park, introducing international high-quality lifestyle and culture to Ningbo.

Currently the master development plan of the project has been approved, and the construction of the first phase will commence at the end of 2014.

Ningbo development properties

One property with total GFA 647,791 sq m



- 35 Ningbo New World Plaza
- Subway (under construction)

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



Perspective of Ningbo New World Plaza

BUSINESS REVIEW

Highlights

Located in the heart of Central China, Wuhan is the country's industrial, scientific education and integrated transportation hub. In 2013, Wuhan's GDP exceeded RMB900 billion while its fixed assets investment amount exceeded RMB600 billion. Output value of automotive industry exceeded RMB200 billion. Dongfeng Renault's project has chosen to set up in Wuhan and another 900 high-tech industries have been established in Wuhan already.

Wuhan New World Centre



WUHAN

BUSINESS REVIEW

WUHAN

Wuhan's transportation network has been improving continuously. Between 2013 and 2014, direct flights from Wuhan to Paris, San Francisco, Melbourne, Tokyo and Moscow commenced and Wuhan will then have nearly 30 international routes heading to four continents. Pilot operation of Phase I of Subway Line 4 commenced, and it would form an “工”-shaped transportation network with Line 1 and Phase I of Line 2. The subway will pass through three major railway stations and reach five major long-distance bus terminals. Quick interchanges will be possible among high speed railways, suburban railways, subway and long-distance buses. With Wuhan being the centre, a star-shaped high speed railway network has been formed. Wuhan railway station boasts the largest high speed railway network with the largest number of direct access routes to other cities. The passenger volume exceeds 10 million per year.



Residential Portion of Wuhan Guanggu New World

PROPERTY PORTFOLIO

Wuhan Guanggu New World is situated in the centre of Guanggu, Wuchang, with Guanggu Biotechnology Park to the east, Guanggu Financial Centre to the south, one step away from Central China University of Science and Technology to the north, thus enjoying an excellent geographical advantage. It is a comprehensive development project consisting of hotel, office, shopping mall and residence. The residential portion includes 15 high-rise blocks, a green waterscape garden with an area of approximately 33,000 sq m, along with supporting facilities such as commercial, clubhouse, kindergarten and community services, creating a superior living environment. The project was awarded “Wuhan Top 10 Ideal Communities” in 2013. During the year under review, Wuhan Guanggu New World Phase II launched 2,321 residential units for sale, with a sales rate exceeding 95%.



Full Perspective of Wuhan Guanggu New World

Situated in the north of the Hankou urban area, Wuhan Menghu Garden is a high-end lakeside community. Its selling price has been maintaining a leading position among villas in the region. During the year under review, 20 units of villa and 85 units of apartment of Meng Hao Xuan and Meng Cheng Xuan were further launched with sales rate over 60%.



Wuhan Menghu Garden

Wuhan Changqing Garden is a mega-scale residential community in the area with comprehensive transport and commercial supporting facilities and beautiful environment. Subway Line 6 in the area is expected to commence services in 2016. The occupancy rate of the commercial portion has reached 90% and it has established itself as the commercial core of the surrounding area. The residential portion of Wuhan Changqing Garden Land No. 6 Phase I offers quality residential units, mature supporting facilities and green gardens, reaching a sales rate of 70%. Wuhan Changqing Garden Site No. 8 District B residences have become the top-end residential area of the project, and has sold over 1,000 units since its launch, reaching a sales rate of 93% with its average price comparable to those of residences within The Second Ring Road in Hankou. Moreover, the commercial portion of Wuhan Changqing Garden Site No. 8 District B is right in front of the Changqing Garden Station on Subway Line 2, which makes it very convenient to commute. Sales prices of shops are comparable to those in city centre, with a sales rate exceeding 50% during the year under review.

Wuhan Changqing Nanyuan is a mature residential area in Hankou District. There are well-established residential communities and large enterprises with comprehensive supporting facilities. The commercial portion of Wuhan Changqing Nanyuan Phase III South District is situated at the exit of Changgang Road Station of Subway Line 2, satisfying the varying needs of commercial retail businesses with its double-level shop structure. The project was launched at the end of 2013 and has been for sale since then.



Wuhan Changqing Garden



Wuhan Changqing Nanyuan

BUSINESS REVIEW

WUHAN

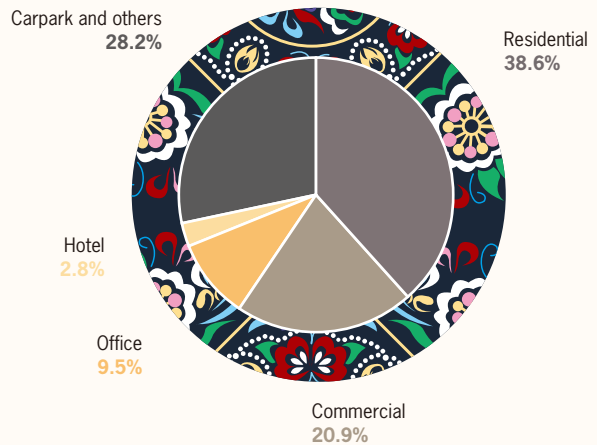
Wuhan New World International Trade Tower is situated in the prime location of the financial street in Wuhan City. A number of the foreign government consulates and organisations including the American and French consulates, the China-Britain Business Council, the Canadian Department of Commerce, KOTRA, etc. have established their offices at Wuhan New World International Trade Tower. The occupancy rate of the project maintains at 96%, and its tenants list includes over 50 Global 500 companies such as IBM, Ericsson, Philips and Microsoft.



Wuhan New World International Trade Tower

Wuhan development properties

Four major properties with total GFA 2,088,578 sq m



- Railway
 - 🏠 Railway Station
 - 🚇 Subway
 - 🌉 Bridge
 - 🛤 Embankment
 - ⋯ Tunnel
- 14 Wuhan Menghu Garden
 - 15 Wuhan Changqing Garden
 - 16 Wuhan New World Centre
 - 17 Wuhan Guanggu New World
 - 49 Wuhan New World International Trade Tower
 - 50 Wuhan K11 Gourmet Tower
 - 51 Wuhan Xin Hua Garden
 - 62 New World Wuhan Hotel

Wuhan — completion schedule of properties for sale		sq m
FY2016		
Wuhan Menghu Garden Phase III A/C		41,036
Total		41,036

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

BUSINESS REVIEW

Highlights

Changsha has been focusing on new industrial development in recent years, together with the joint development of modern service industries. In 2013, Changsha's GDP reached RMB715.3 billion, up 12% year-on-year. The rapid rise of Changsha's automobile manufacturing and electronic information industries contributed to an industrial output value of RMB900 billion. In addition, Changsha is further opening up both internally and externally, and promoting its swift development of service industries. The introduction of the Global 500 companies, including South Trading and Logistics City and Alibaba, achieved USD9.8 billion in total imports and exports, representing an increase of 12.5% year-on-year.

Changsha La Ville New World



CHANGSHA

BUSINESS REVIEW

CHANGSHA

Modern service industries also demonstrated leapfrogging development. Changsha is developing a national modern integrated service pilot area, promoting the construction of urban mixed-use developments. The city's total e-commerce business transactions amounted to RMB52 billion, growing by 23.8% year-on-year.

In addition, the establishment of financial ecological zone and the Binjiang financial business district is being carried out. Moreover, Changsha pioneered the establishment of a private lending service centre. Its income from tourism also exceeded RMB100 billion. Changsha continues to improve its urban infrastructure. Subway Line 2 is on its test run while the Changsha-Liuyang high-speed railway, Xiangfu Road bridge and Nanhu Road Xiangjiang tunnel have commenced operation. Subway Line 1, the Shanghai-Kunming high-speed railway at Changsha South Station and Furong North Road are now under construction.



Perspective of Changsha La Ville New World Commercial Portion



Perspective of Yiyang Scenic Heights

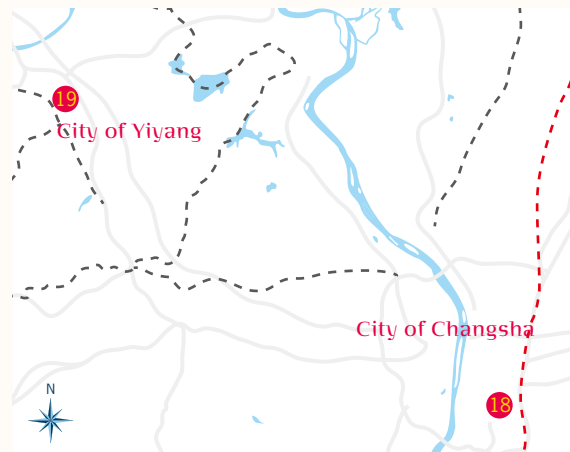
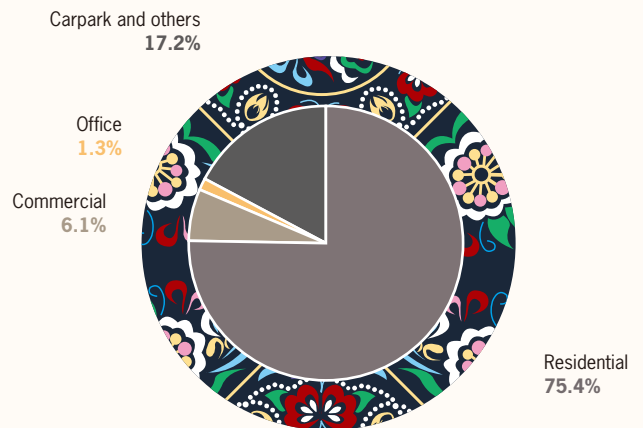
PROPERTY PORTFOLIO

Changsha La Ville New World is situated in the High-Speed Railway New Town, in close proximity to Changsha Station of Beijing–Guangzhou High-Speed Railway, and enjoys the transport convenience of High-Speed Railway, Changsha–Zhuzhou–Xiangtan Intercity Railway and Subway Lines 4 and 5. The project also comprises comprehensive educational resources, a British-style waterscape garden, 160,000 sq m of commercial space above subway station, and 60,000 sq m of other supporting commercial facilities. During the year under review, Phase II A of the project launched 588 residential units for sale, which mainly consisted of 90 sq m two-bedroom units, achieving a 90% sales rate. 40 shop units in District A were launched for sale during the year under review, achieving a satisfactory sales rate. SOHO offices, apartments and commercial products of Phase III B and C will be launched for sale in FY2015.

Yiyang Scenic Heights is situated in the High-tech Zone of Yiyang City, adjoining Zishan Lake International Golf Club and the natural Zishan Lake reservoir covering an area of approximately 1.07 million sq m. The whole project comprises high-rise residences, duplex villas, townhouses and commercial complexes, and is the only high-end comprehensive development project with golf resources in Yiyang. Villas and high-rise units of Phase I will be launched for sale in FY2015.

Changsha and Yiyang development properties

Two major properties with total GFA 1,738,911 sq m



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

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

Changsha and Yiyang — completion schedule of properties for sale

	sq m
FY2016	
Changsha La Ville New World Phase III B	92,319
Changsha La Ville New World Phase III C	29,168
Yiyang Scenic Heights Phase I	96,049
Total	217,536

BUSINESS REVIEW

Highlights

In 2013, Chengdu excelled in opening up itself to the public. It successfully hosted international events such as the Fortune Global Forum, the World Chinese Entrepreneurs Convention and the Western China Fair. 252 out of Global 500 companies have set up business in Sichuan. In the ranking of the overall capability of economic development amongst 35 cities in China, Chengdu ranked ninth in the country and first in the western region. In addition, Chengdu is strengthening its regional planning of major industrial projects. Significant improvement in regional investments has been achieved in High-tech District, Economic Development District and Tianfu New District. 400 major projects, such as Texas Instruments chip packaging and testing, IBM's regional settlement centre and Yihai Kerry projects are now underway.

"Louvre" clubhouse of Chengdu New World Riverside



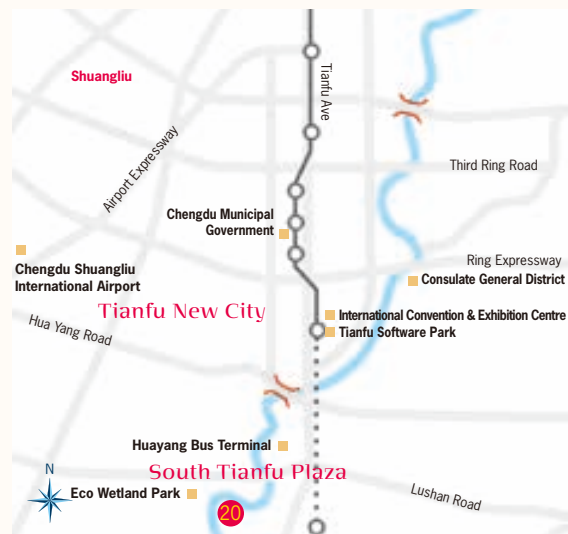
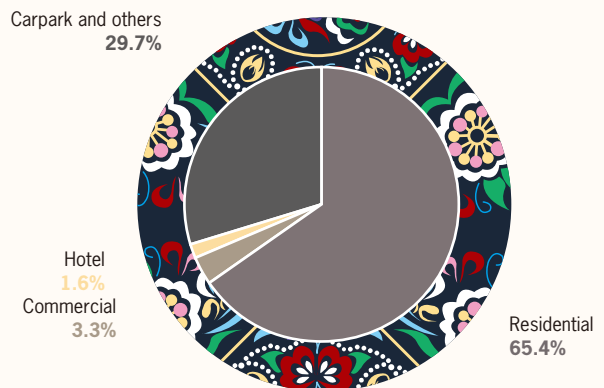
CHENGDU

In 2013, Chengdu's annual GDP reached RMB910.8 billion, representing an increase of more than 10% year-on-year. The Chengdu-Chongqing Economic Zone Development Plan (2014-2020) states the unifying development of eight cities including Chengdu, Deyang, Mianyang, Suining, Leshan, Ya'an, Meishan and Ziyang. The development of transportation has also been noteworthy. As of 2013, there were over 32 direct international flights between Chengdu and Singapore, London, Melbourne, Tokyo, etc. A 14-day "Chengdu-Europe High Speed Rail" to Lodz, Poland is running well. In 2014, Chengdu will focus on launching direct flights to the United States, Russia, etc., as well as the additional passenger and cargo flights to Europe, the Middle East and Asia.

The establishment of Tianfu New District is moving ahead and the Chengdu Tianfu New District Administrative Committee has formally set up and commenced operation. Phase II of the "Three Vertical, One Horizontal" project, including the southern extension of both Tianfu Avenue and Yuanhua Road, is ready to start operation while the construction of Phase III of Tianfu Avenue has commenced. The establishment of Xinchuan Innovation Technology Park, Longquan International Automobile City, Shuangliu Electronic Information Industrial Park and Xinjin New Materials Production Plant has been speeding up. Another 58 major projects were introduced into the city. Xinglong Lake, Jinjiang Ecological Zone and other key ecological projects were proceeding rapidly.

Chengdu development properties

One property with total GFA 3,694,007 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

PROPERTY PORTFOLIO

Chengdu New World Riverside is situated in the prime location of Tianfu New Area, and is a Subway Line 1 project with convenient transportation. The project occupies a site of approximately 1.1 million sq m, boasting a clubhouse of around 7,000 sq m and a kindergarten covering an area of around 4,800 sq m. Chengdu New World Riverside will be supported by a mix of large-scale commercial, sports, leisure and lifestyle amenity. Phase II of the project will boast a modern-styled landscape and 11 themed parks covering an area of approximately 90,000 sq m, as well as a 4.6km cycling path, making it one of the few green communities in Chengdu. In June 2014, the project launched Phase II 1 “Zhi Lan City” for sale, including mid- to high-rise residences which mainly comprise three- to five-bedroom units.

During the year under review, the project has launched a total of 277 fully-furnished units of Block 26 and 29 of Phase I in Zone 4. The unit size is in the range of approximately 110 to 166 sq m, and the sales rate surpassed 86%. A total of 284 residential units of Block 1 and 12 of Phase II Zone A, ranging from 108 to 185 sq m, were launched for sale in June 2014. A total of 280,000 sq m of commercial facility is expected to commence construction in FY2015.



Chengdu New World Riverside



Apartment interior of Chengdu New World Riverside “Zhi Lan City”

Chengdu — completion schedule of properties for sale

sq m

FY2015

Chengdu New World Riverside Phase II 1A 85,174

Total 85,174

FY2016

Chengdu New World Riverside Phase II 1
Remaining Portion 132,900

Total 132,900

BUSINESS REVIEW

Highlights

In 2013, Guiyang's GDP reached RMB208.5 billion, accounting for 26% of the entire province and representing an increase of 16% year-on-year. Fixed asset investment reached RMB303 billion, up 22.1% year-on-year. Total fiscal revenue was RMB56.38 billion, surging by 18.8% year-on-year. Guiyang's full-fledged transportation network has been established and the construction of Subway Line 1 has commenced. Longdongbao International Airport Terminal 2 is now in service, with annual passenger transport volume exceeding 10 million.

Perspective of Guiyang Jinyang Sunny Town Commercial Portion



BUSINESS REVIEW

GUIYANG

In 2013, Guiyang successfully organised a series of events on “Beijing-Guiyang innovation-driven regional cooperation”. Guiyang Municipal People’s Government and the Beijing Zhongguancun Science Park Administrative Committee signed a strategic cooperation framework agreement. There will be 106 projects with a total investment amount of RMB46.5 billion, which comprehensively joined up such innovative and entrepreneurial elements as technology, talent and capital in Beijing and worked out the development plan of Zhongguancun Guiyang Science Park, etc. under the framework agreement.

Guiyang has signed a strategic cooperation agreement with Jingdong Group to jointly build the first e-commerce industrial park in China. The city will also build a smart logistics centre, an e-commerce operation centre, a local commodity procurement centre. Cross-border e-commerce will radiate the ASEAN region to promote the optimisation and enhancement of Guiyang’s e-commerce industry. Moreover, “Four Functional Zones”, namely an urban functional core zone, an urban functional development zone, an urban development expansion zone, and an ecological protection and development zone, will enhance urban development. Furthermore, the establishment of Guiyang Integrated Free Trade Zone has been approved, it will be the first integrated free trade zone in Guizhou Province.

PROPERTY PORTFOLIO

Guiyang Jinyang Sunny Town is situated in the prime location of Guanshan Lake District, the new municipal and commercial centre of Jinyang New District. The project is a mega-scale mixed-use community development project, and it is a modern ecological showcase city with a total GFA of four million sq m. The project boasts comprehensive commercial and educational supporting facilities including renowned secondary and primary schools, the Guiyang K11 Art Mall and the New World Guiyang Hotel. Guiyang Jinyang Sunny Town comprises various kinds of residence such as apartment, townhouse and villa to satisfy the varying demands of home buyers.

During the year under review, Jinyang Sunny Town launched a brand new product “Long Yue” for sale with positive market response. 523 units from the first batch were sold, while low-density villas and mid-level apartments of the second batch are expected to be launched for sale in FY2015.

New World Guiyang Hotel is now completed with a GFA of 39,521 sq m, providing 306 rooms which include 281 deluxe guest rooms and 25 suites. The hotel commenced operation in September 2014.



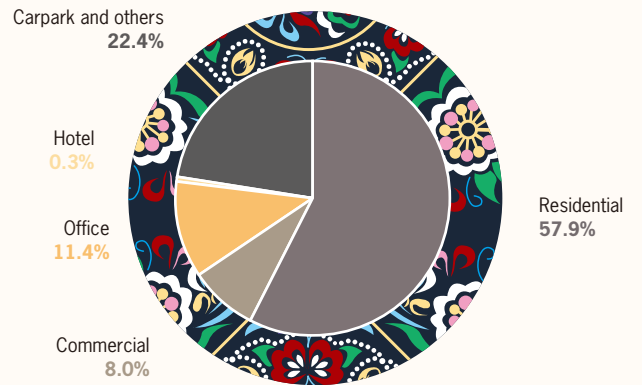
Guiyang Jinyang Sunny Town



New World Guiyang Hotel

Guiyang development properties

One property with total GFA 4,045,538 sq m



Guiyang — completion schedule of properties for sale

	sq m
FY2016	
Guiyang Jinyang Sunny Town Phase III A	16,400
Guiyang Jinyang Sunny Town Phase II C	148,704
Total	165,104



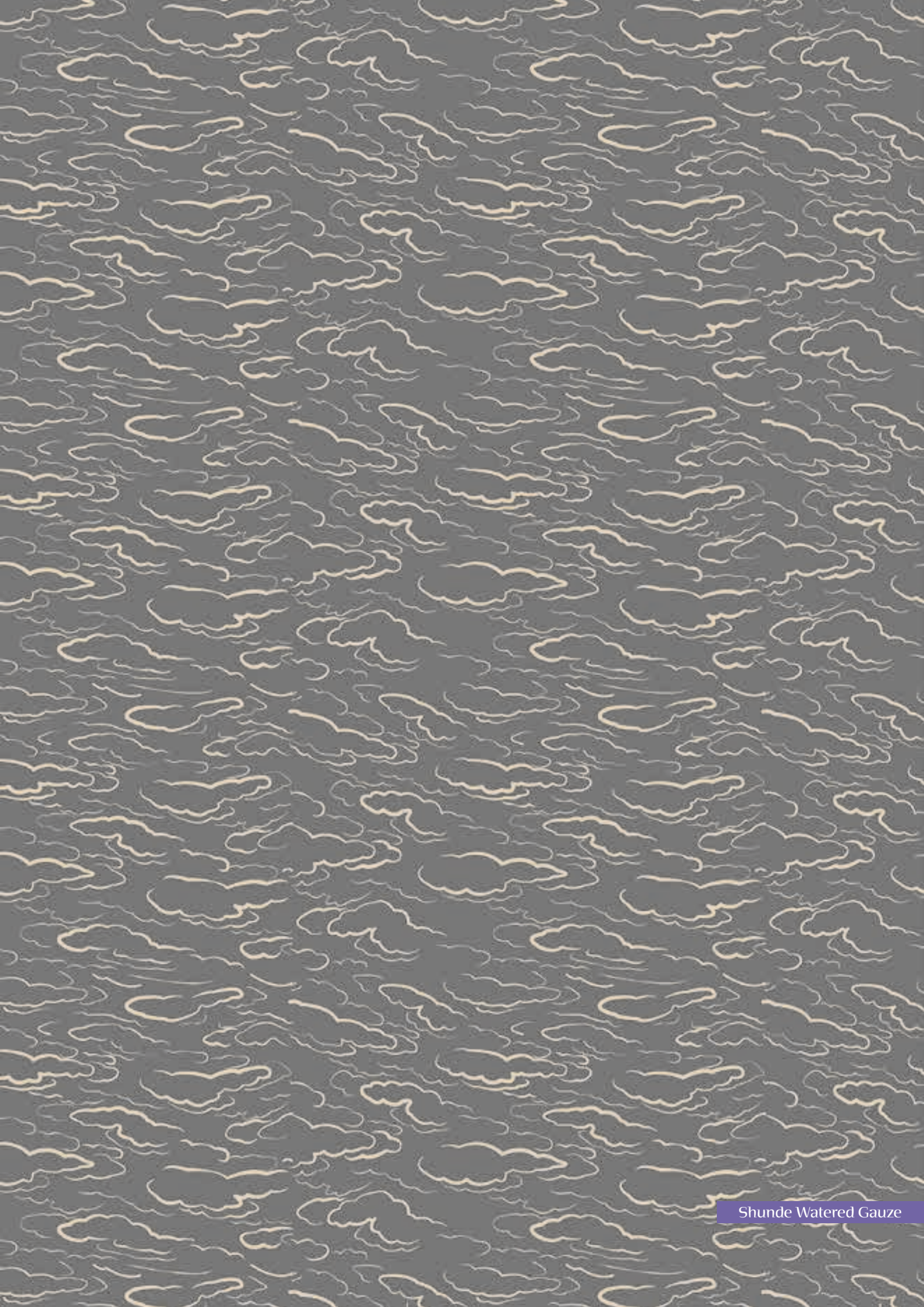
- Lightrail (under planning and construction)
- 21 Guiyang Jinyang Sunny Town
- 64 New World Guiyang Hotel

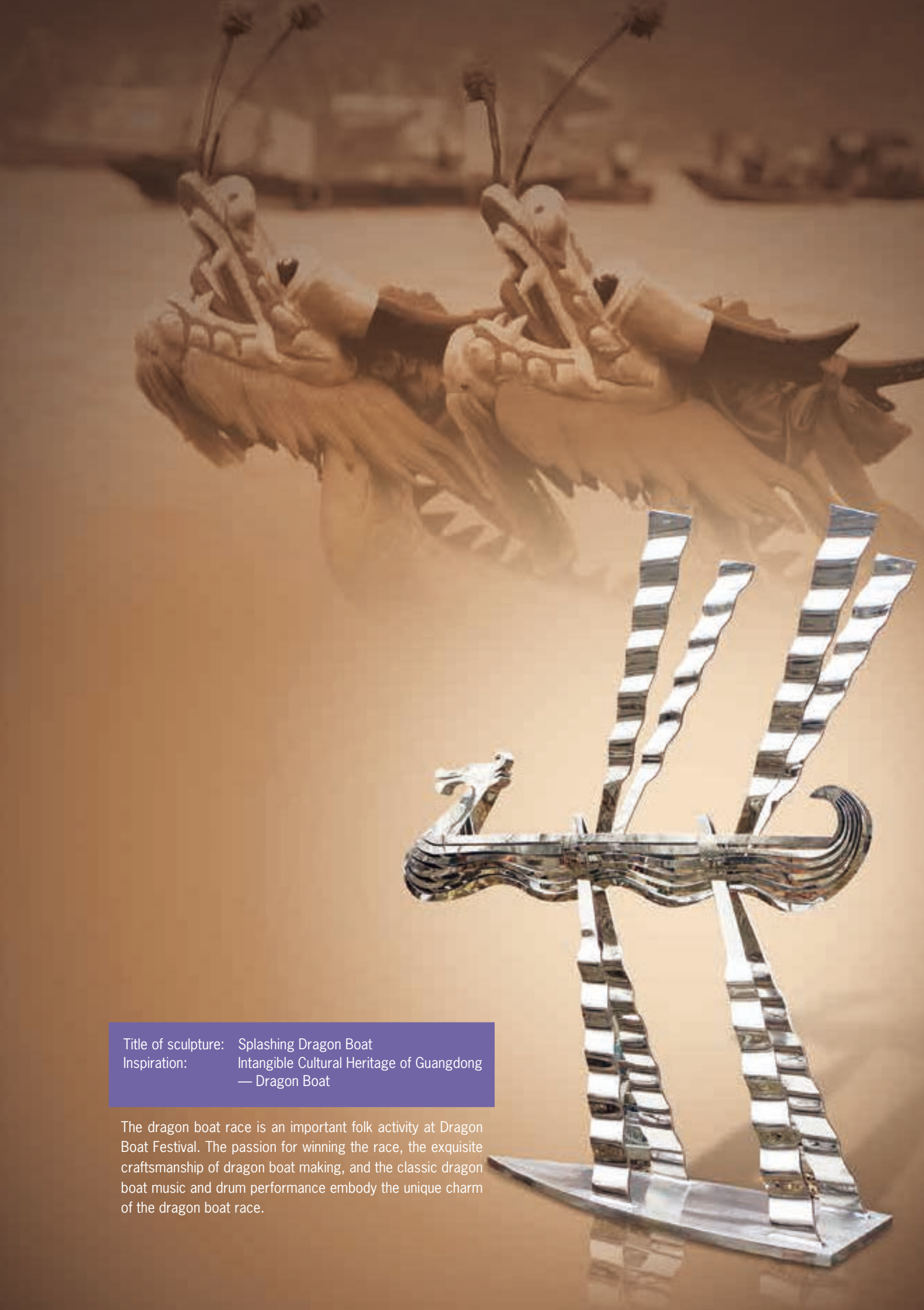
For details of the Group's project portfolio, please refer to "Major Projects Profile".



GROWTH

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





Title of sculpture: Splashing Dragon Boat
Inspiration: Intangible Cultural Heritage of Guangdong
— Dragon Boat

The dragon boat race is an important folk activity at Dragon Boat Festival. The passion for winning the race, the exquisite craftsmanship of dragon boat making, and the classic dragon boat music and drum performance embody the unique charm of the dragon boat race.

BUSINESS REVIEW

Highlights

Guangzhou's economic development has consistently ranked top within the country and the high growth rate of residents' consumption power has been maintained. In 2013, the city's GDP reached RMB1,542 billion, up 11.6% year-on-year. The value of growth of tertiary industry was RMB996.4 billion, up 13.3% year-on-year. The development of modern service industries was moving ahead. A new batch of small loan companies and local financial institutions were established, at present 558 enterprises are listed on the Guangzhou Equity Exchange. The value of growth contributed by financial industry exceeded RMB110 billion.

Guangzhou Central Park-view "Canton Mansion"

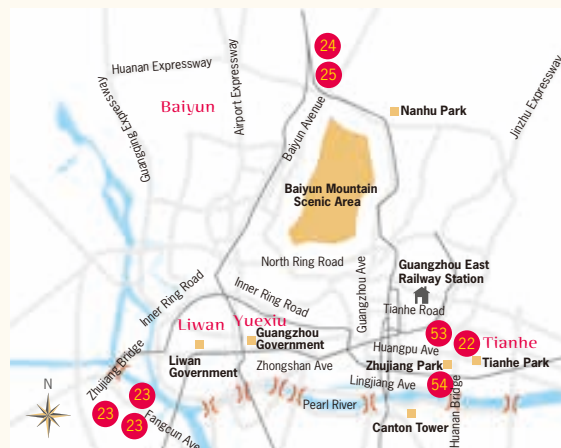
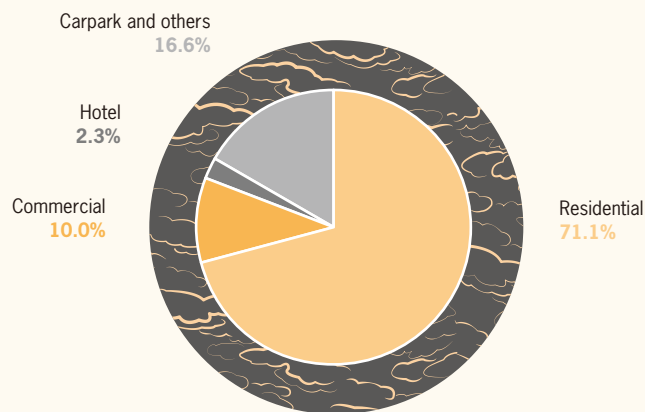


Guangzhou's tourism is growing steadily with total gross revenue of RMB220.2 billion, up 15.2% year-on-year. Emerging industries were booming as well. 52 mobile internet enterprises each with over RMB100 million asset value have set up their businesses in the city, successfully creating a national model city of e-commerce.

The building of infrastructure is moving ahead. The construction of the 284 km subway line have been completed progressively. The Baiyun Airport expansion project, namely the third runway and the second terminal, are currently under construction. Annual passenger volume exceeded 52 million, ranking top 10 in the world. The Guizhou-Guangzhou and Nanning-Guangzhou railways and Guangzhou-Dongguan-Shenzhen inter-city railway are under construction. The first phase of Subway Line 6 which intersects the city centre, is now in service. The progress of the remaining section of Subway Line 6 is proceeding smoothly. Preliminary work on the Subway Line 7 has commenced. The construction of Haizhu District's new railway tram under pilot testing has also begun. The building of Fenghuangshan Tunnel, eastern extension of Huacheng Road and northern extension of Liede Avenue are in the pipeline.

Guangzhou development properties

Five major properties with total GFA 1,686,833 sq m



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

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

BUSINESS REVIEW

GUANGZHOU

PROPERTY PORTFOLIO

Guangzhou Central Park-view is a high-quality community in Guangzhou Pearl River New Town. The project comprises high-end residences, dining, lifestyle and commercial facilities, offering international services and experiences. It is the landmark of global luxury lifestyle within the Pearl River New Town. Phase II of the Guangzhou Central Park-view, “Canton Mansion”, has caught the attention and has been well received by the market since its launch. The project comprises mainly large-scale riverside residences ranging from 180 to 304 sq m. The sales performance during the year under review was satisfactory, making it the benchmark property of the high-end residence in Guangzhou.

Phase III of the Guangzhou New World Oriental Garden, “The Radiance”, is situated near the Tianhe Park, boasting the rare natural environment in the core business district. All units of the project were sold out in the first half of 2014.

Guangzhou Park Paradise is situated in Baiyun District adjoining the intersection of Subway Lines 2, 3 and 14, embracing the natural landscape of Baiyun Mountain. The project is a mega-scale mixed-use community development project with comprehensive supporting facilities such as a one-stop large-scale leisure shopping mall, a five-star hotel, a 380,000 sq m landscape garden, a central waterscape garden square and renowned educational institutions.

During the year under review, Guangzhou Park Paradise has launched three different portions of residence for sale. A total of 720 units were sold, including high-rise mountain-view residences “Jin Yun Feng”; low-density, high-end semi-duplexes “Caring Mansion”; and the one-unit-per-floor green mansion “New World Kai Yun”, which boasts a unique central landscape garden. The first batch of “New World Kai Yun”, including three- to five-bedroom apartments ranging from 130 to 237 sq m, were launched for sale in early 2014, making the project one of the top-tier luxury apartment in the district.



Guangzhou New World Oriental Garden Phase III “The Radiance”



Perspective of Guangzhou Park Paradise

Guangzhou Covent Garden is situated in the heart of Baietan in Liwan District, enjoying both the river view in the city centre and the convenience of two subway lines and educational facility. Comprising the top-tier riverside residences, the latest phase of Guangzhou Covent Garden, “New World • Canton Bay”, has been launched for sale during the year under review. The first batch of about 1,000 owners have already moved in. The supporting commercial facility of the project “New Xi Guan Plaza” soft opened at the end of June 2014, making the community more vibrant.

Guangzhou Xintang New World Garden is situated in the heart of the east of Guangzhou, enjoying convenient transportation due to the close proximity to the Guangzhou-Shenzhen Expressway and Guangzhou-Dongguan-Shenzhen Intercity Railway. During the year under review, Phase V C of Guangzhou Xintang New World Garden, “Wan Xiang Yuan”, has been launched for sale. A total of 212 units consisting of two- to four-bedroom apartments ranging from 85 to 150 sq m were sold with record-breaking average sales price.



Guangzhou Covent Garden “New World • Canton Bay”



Guangzhou Park Paradise “New World Kai Yun”

Guangzhou — completion schedule of properties for sale

	sq m
FY2015	
Guangzhou Covent Garden Phase III A	87,307
Guangzhou Park Paradise Area 6	143,338
Guangzhou Xintang	
New World Garden Phase V C	85,113
Total	315,758
FY2016	
Guangzhou Covent Garden Phase III B	6,000
Total	6,000

BUSINESS REVIEW

Highlights

In 2013, Shenzhen's GDP increased 10.5% year-on-year. Total retail sales of consumer goods reached RMB443.4 billion, up 10.6% year-on-year. Import and export volume amounted to USD537.4 billion, representing an increase of 15.1% year-on-year, ranking first amongst major cities in Mainland China. According to the "Shenzhen Marine Industry Development Plan (2013-2020)", marine industry was included in Shenzhen's "1+3" industries of the future. Cruises and yacht, marine electronic information, marine biology and marine high-end equipment are the key development areas, turning Shenzhen into a national marine economic centre of the country.

Perspective of Shenzhen New World Signature Hill



Shenzhen's new Airport Terminal III commenced operation and the transition from the old terminal was smooth. Airport passenger traffic on international routes increased by 25.6% year-on-year. The number of international shipping routes reached 238. In addition, Shenzhen will continue to strive for promoting the development of tertiary education. The new campus of Southern University of Science and Technology of China was officially opened, whilst the Chinese University of Hong Kong, Shenzhen has finished the launch of the campus project. Shenzhen will also construct five city railways, including Line 6 (Science Museum — Songgang), Line 11 (Shenzhen Shanghai Hotel — Bitou), Line 13 (Shenzhen Bay — Gongming), Line 14 (Futian — Kengzi) and Line 18 (Dakunggang — Pinghu), as well as five inter-city railways, namely Shenzhen-Huizhou intercity railway (Qianhai Ma Wan — Huicheng), Guangzhou-Dongguan-Shenzhen inter-city railway (Qianhai Ma Wan — Guangzhou East Railway Station/Baiyun Airport), Hong Kong Shenzhen Western Express Railway (Shenzhen Airport — Hong Kong Airport/Hung Shui Kiu), Hulong inter-city railway (Shenzhen East Station — Dongguan Humen), and Shenzhen-Zhuhai intercity railway (Qianhai Ma Wan — Zhuhai). After the above railways are fully operational, Shenzhen, Hong Kong, Guangzhou, Dongguan, Huizhou and Zhuhai will achieve seamless connection through the system.

Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone is expediting its development, with 27 infrastructure projects under construction. The list of industries permitted in the zone has been issued and over 3,500 enterprises will set up their offices in the zone. Currently, cross-border RMB loan business kicked off and the booked amount surpassed RMB15 billion. Enterprises with foreign capital are also making solid progress in preparing their setup there. During the first half of 2014, the consideration of land sold in Qianhai accounted for 45.7% of the total revenue of land sold in the city. U.S. real estate giant Silverstein Properties and Shenzhen Qianhai International Energy Financial Centre Co. Limited jointly acquired a land plot in Qianhai at a gross amount of RMB13.4 billion, which was a record high for land sales in Shenzhen.



Shenzhen New World Yi Shan Garden Phase III

BUSINESS REVIEW

SHENZHEN

PROPERTY PORTFOLIO

Shenzhen New World Signature Hill, a high-end villa project, is situated in Jiangangshan Mountain of the Baoan District. Boasting a waterscape crafted by world-class landscape designer, the project enjoys a stunning natural environment. After more than a decade of development, the Jiangangshan area has become a rare luxurious residential area with amenities becoming increasingly mature. The development of Qianhai, which is located in the same area, has been entering the fast track since last year, and has significantly driven the surrounding asset value. The first phase of the project is expected to be launched for sale in FY2015, providing 184 units of low-density residences and villas.

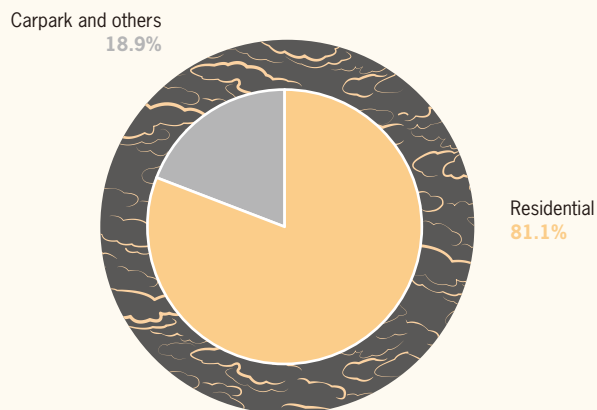
Shenzhen New World Yi Shan Garden is situated in Sha Tau Kok, Yantian District, embracing both stunning views of the northern Hong Kong and South China Sea, while surrounded by Wutong Mountain to the north side. Integrating with the concept of sustainable development, the project takes advantages of surrounding natural resources and becomes the first organic living community in Shenzhen. Phase III of the project comprises 978 small- to medium-sized residential units in three 33-storey and two 43-storey high-rise residential blocks. It is expected to be launched for sale in FY2015.



Perspective of Shenzhen New World Signature Hill

Shenzhen development properties

Two major properties with total GFA 190,390 sq m



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

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

Shenzhen — completion schedule of properties for sale

	sq m
FY2015	
Shenzhen New World Signature Hill	58,690
Shenzhen New World Yi Shan Garden Phase III	95,686
Total	154,376

BUSINESS REVIEW

Highlights

In 2013, Foshan's GDP reached RMB701 billion, representing an increase of 10% year-on-year. In recent years, Foshan focuses on enhancing the standard of its service industry. A breakthrough has been achieved in the development of tertiary industries. Enterprises of modern service industry have started moving into Foshan, including OSRAM Asia-Pacific headquarters, KPMG Greater China Support Centre, HC Chinese home appliance e-commerce industry park, Suning e-commerce hub, etc.

Canton First Estate Villa



BUSINESS REVIEW

FOSHAN

The demolition and relocation work in the Foshan area of Guangzhou-Foshan-Zhaoqing inter-city railway was basically completed. Construction of Foshan West Station and Guangzhou-Foshan highway has begun, and the preliminary work of the Guangzhou-Foshan-Jiangmen-Zhuhai light rail has commenced as well. Subway Line 3, being one of the longest subway lines of China, will embrace the central regions of both Shishan and Shunde into the core area of Guangzhou-Foshan. The new extension of Wusha Bridge in Panyu-Shunde highway has been completed and is now running for service.

During the year under review, with the launch of the first “International Metropolis Conference” and “European Challenge Tour”, combined with the construction and operation of the high speed railway Foshan West station transport hub, Canton First Estate has received more widespread recognition. The international lifestyle platform Guangzhou Foshan World which covers over 100,000 sq m is now partly operational. In early June 2014, the detached villas “Yun Yue Guo Ling”, semi-detached villas “Hua Shi Ban Shan”, and low-density residences “Jia Lang Hu Pan” were officially launched for sale, achieving satisfactory sales results regarding price and quantity.

PROPERTY PORTFOLIO

Canton First Estate spans a site area of approximately 2.6 million sq m comprising low-density residences and villas, New World Foshan Hotel, Foshan Golf Course, Canton First Club, Heart of Guangzhou-Foshan Exhibition Centre, a world-class environmental and ecological showcase area, and other commercial amenities, creating an international urban living area for Guangzhou and Foshan metropolitan centre.



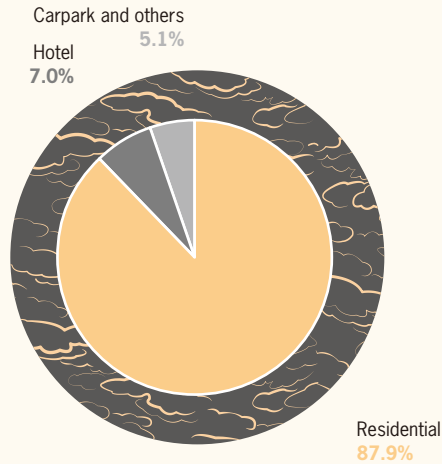
Canton First Estate “Jia Lang Hu Pan”



Perspective of New World Foshan Hotel

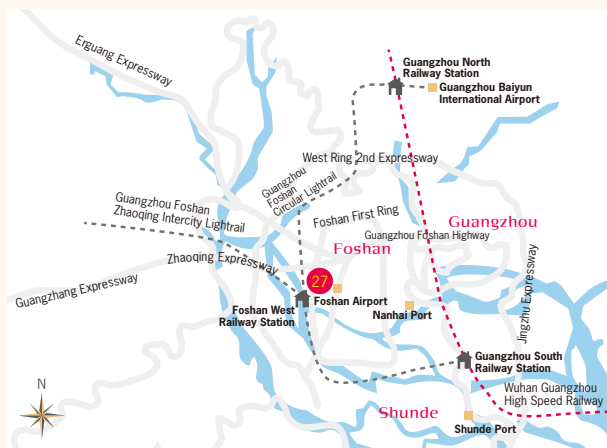
Foshan development properties

One property with total GFA 1,219,091 sq m



Foshan — completion schedule of properties for sale

	sq m
FY2015	
Canton First Estate Phase I (CF09, CF10 & CF19A)	189,757
Total	189,757
FY2016	
Canton First Estate Phase II (CF19B & CF20)	181,631
Total	181,631



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

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



The golf club of Canton First Estate

BUSINESS REVIEW

Highlights

Economic exchanges among the three major economic circles, namely Guangzhou-Foshan-Zhaoqing, Shenzhen-Dongguan-Huizhou and Zhuhai-Zhongshan-Jiangmen, in the Pearl River Delta region are getting more frequent. Each city improves the overall regional development via in-depth cooperation. According to “The Opinions on Deepening the Financial Reform to Improve the Financial Market System”, Guangdong Province will complete developing the Pearl River Delta Financial Reform Integrated Pilot Area in 2020, building an international financial centre district with close ties among Guangdong, Hong Kong and Macau, and with strong radiation in the Asia Pacific region. The value growth of financial industry accounted for over 9% of the annual GDP. The transportation network has been further enhanced. The operation of Xiamen-Shenzhen High-speed Railway commenced, which will connect the Pearl River Delta and the Yangtze River Delta regions, and thus shortening the distance among Shenzhen, Hong Kong, Macau, Shanghai, Ningbo and Hangzhou.

Zhaoqing New World Garden “Hu Shan Shu” and “Xing Xi”



The Pearl River Delta region is now actively applying for the set up of a Guangdong - Hong Kong - Macau free trade zone from three large platforms which will include Nansha, Guangzhou; Qianhai, Shenzhen; and Hengqin, Zhuhai such that the cooperation framework agreements of Guangdong-Hong Kong and Guangdong-Macau could be implemented. 15 pilot schemes, (which mainly in the areas of service and trade, including finance, law, testing and certification as well as communications) will be included in the CEPA supplementary agreement.

PROPERTY PORTFOLIO

Zhaoqing New World Garden is situated in Star Lake Grade 4A National Park, with products including detached villas and high-rise residences. The project was awarded “Star Lake’s Top Community” in 2013. During the year under review, Zhaoqing New World Garden Phase IV “Hu Shan Shu” and “Xing Xi” were launched for sale as brand new products.

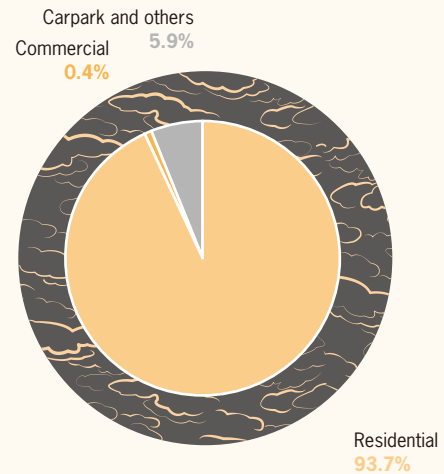
Situated in the prime location of city centre, Shunde New World Centre is a mixed-use development project in operation over a decade. During the year under review, the shopping mall of the project was under renovation and the tenant mix was adjusted in order to cater to the latest local consumption patterns. The occupancy rate within the period exceeded 80%, with an average increase in rent of around 4%. The renovation of the shopping mall is expected to be completed in FY2015.



Shunde New World Centre

Pearl River Delta development properties

Four major properties with total GFA 590,416 sq m



- Railway
- Expressway
- 30 Zhaoqing New World Garden
- 31 Huiyang Hu Xia Liao Project
- 32 Huiyang Palm Island Resort
- 33 Huizhou Changhuyuan
- 55 Shunde New World Centre
- 63 New World Shunde Hotel

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

Pearl River Delta — completion schedule of properties for sale

	sq m
FY2015	
Zhaoqing New World Garden Phase III	34,709
Total	34,709
FY2016	
Zhaoqing New World Garden Phase III Remaining Portion	77,452
Total	77,452

BUSINESS REVIEW

Highlights

Haikou is actively developing its service industry; hence tertiary industries are becoming increasingly important to its economic development. In 2013, the city's GDP reached RMB90.5 billion, representing an increase of 10% year-on-year. The gross value created by the tertiary industry reached RMB62.9 billion, surging by 10.5% year-on-year. Fixed asset investment rose by 27.2% to RMB64.9 billion, whilst total tourism revenue reached RMB12 billion, up 18.3% year-on-year. 223 large scale business exhibition events were held during the year, whilst the number of passengers staying overnight reached 10.44 million during the same period.

Haikou Meilisha Villa



Haikou focuses on developing the region around Beibu Gulf and a city centre of the international tourism island so that it will become the modern service industry centre of the province. The construction of transportation infrastructure is moving ahead, and Phase I of Railway Line 1, Phase I of Haixiu Road BRT expressway, Phase I of Haidian Island-Xinbu Island-Haikou East Station of Eastern Ring-Yongwan Road BRT are now under construction.

Haikou aims at enriching tourist routes and products of Qiongbai and opening a Haikou-Harbin railway line as well as a Haikou-Xisha cruise route. The city also successfully organised several major events such as the National Book Trade Fair, the China International Logistics Festival and the World Gene Convention.

PROPERTY PORTFOLIO

Haikou Meilisha Project, situated in the coastal area in northeastern Haidian Island and surrounded by the sea on three sides, is a mega-scale mixed-use community development project combining urban seaside lifestyle with art, culture and business in Haikou city centre. The project has a planned total GFA exceeding two million sq m including low-density residences and villas, high-rise apartments, service apartments, hotels and high-end commercial supporting facilities.

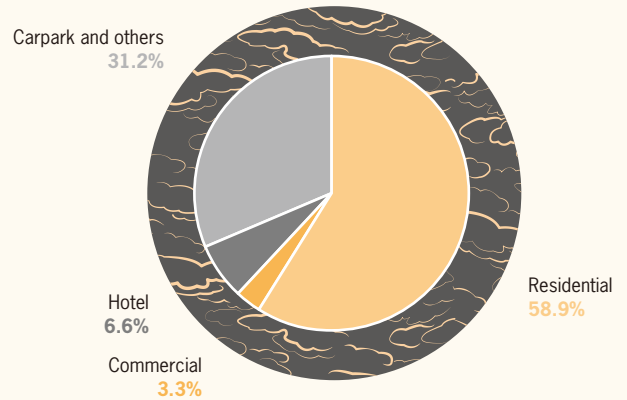
During the year under review, 164 units of the Meilisha Project Phase I low-density villa were launched for sale with a satisfactory sales result, while the second batch of villas and mid-rise apartments are expected to be launched for sale in FY2015.



Haikou Meilisha Project

Haikou development properties

One property with total GFA 2,646,341 sq m



- Bridge
- Haikou Meilisha Project
- Haikou New World Garden

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

Haikou — completion schedule of properties for sale		sq m
FY2015		
Haikou Meilisha Project Phase I (#2)		26,611
Total		26,611
FY2016		
Haikou Meilisha Project Phase I (#1)		87,675
Total		87,675

MANAGEMENT

DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

Analysis of attributable operating profit

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

Property sales

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

The Group's overall gross profit margin achieved during the year under review recorded a slight increase to 44.3% as compared to 41.8% achieved in FY2013. The slight increase in overall gross profit margin was mainly due to difference in recorded sale mix of both periods. Approximately 40% of recorded sale volume for the year under review contributed from sale of residential units from Shenyang New World Garden and Guangzhou Park Paradise which had achieved relatively higher gross profit margin compared to those project sold in FY2013, namely Wuhan Guanggu New World, Anshan New World Garden and Changsha La Ville New World. The Group's average achieved selling price of RMB13,685 per sq m for the year under review showed improvement with a 12% surge compared to FY2013 of RMB12,218 per sq m.

MANAGEMENT

DISCUSSION AND ANALYSIS

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

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

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

Rental operation

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

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

Hotel operation

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

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

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

MANAGEMENT

DISCUSSION AND ANALYSIS

OUTLOOK

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

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

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

Currently, the Group has landbank of over 24.6 million sq m, covering over 20 first-, second- and third-tier cities in Mainland China, of which approximately 80% of residential floor area is located in first- and second-tier cities. The Group will continue to focus on developing its existing landbank and strike a healthy balance of regional business distribution among first-, second- and third-tier cities. The net gearing ratio and cash balance of the Group maintained at optimal levels. Meanwhile, the Group can respond to various market challenges with its sound financial position.

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

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

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

MANAGEMENT

DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES

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

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

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

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

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

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

SOURCE OF BORROWINGS

FY2014	64.0%	36.0%
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FY2013	83.7%	16.3%
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■ Long term loans ■ Short term loans

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

After 5 years	1,576,863	
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2-5 years	6,379,511	4,008,906
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1-2 years	10,470,349	575,000
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Within 1 year	8,669,768	5,527,406
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■ Floating rate ■ Fixed rate

CURRENCY PROFILE OF BORROWINGS

FY2014	38.4%	60.4%	1.2%
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FY2013	37.7%	60.9%	1.4%
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■ HKD ■ RMB ■ USD

NATURE OF DEBT

FY2014	76.7%	23.3%
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FY2013	82.8%	17.2%
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■ Unsecured ■ Secured

MANAGEMENT

DISCUSSION AND ANALYSIS

Capital expenditure commitments

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

Foreign currency exposure

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

CONTINGENT LIABILITIES

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

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

DETAILS OF CHARGES ON GROUP'S ASSETS

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

MAJOR ACQUISITION OR DISPOSAL

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

EMPLOYEES AND REMUNERATION POLICY

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

CORPORATE GOVERNANCE REPORT

The Board believes that corporate governance principles are a vital element in the success of the Company and strives to develop and implement sustainable corporate governance policies through internal control, fair disclosure and accountability that will enhance better performance and control across the operations of the Company. The Board will continually review and improve the corporate governance measures adopted by the Company in response to the fast-changing business environment and regulatory landscape for the benefit of its shareholders.

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 98 to 103 of this annual report.

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

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

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

Chairman and Managing Director

Dr Cheng Kar-shun, Henry is the Chairman and Managing Director of the Company. In his dual capacity as Chairman and Managing Director, Dr Cheng Kar-shun, Henry is responsible for effective running of the Board and formulating business strategies. He also provides leadership for effective running of the Company’s business and implementing the policies devised by the Board.

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

Independent non-executive directors

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

During the year, the Company has complied with Rules 3.10(1) and (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. Accordingly, Mr Ip Yuk-keung, Albert who was appointed by the Board on 28 December 2012 retired at the annual general meeting held on 19 November 2013 following his appointment. He was re-elected by the shareholders by a separate resolution at that meeting.

CORPORATE

GOVERNANCE REPORT

Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. Four full board meetings were convened in the fiscal year for reviewing and approving the financial and operating performance of the Group as well as considering the proposal for privatization of the Company which was announced on 13 March 2014.

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	Court Meeting and Extraordinary General Meeting
Executive directors			
Dr Cheng Kar-shun, Henry (<i>Chairman</i>)	4/4	1/1	0/2
Mr Cheng Kar-shing, Peter	3/4	1/1	0/2
Dr Cheng Chi-kong, Adrian	4/4	1/1	0/2
Ms Cheng Chi-man, Sonia	4/4	1/1	0/2
Mr Cheng Chi-him, Conrad	4/4	1/1	0/2
Mr Fong Shing-kwong, Michael	3/4	1/1	2/2
Ms Ngan Man-ying, Lynda	4/4	1/1	2/2
Independent non-executive directors			
Dr Cheng Wai-chee, Christopher	3/4	1/1	0/2
Hon Tien Pei-chun, James	3/4	0/1	0/2
Mr Lee Luen-wai, John	4/4	1/1	2/2
Mr Ip Yuk-keung, Albert	4/4	1/1	2/2

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

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

Board committees

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

(i) Executive committee

The Executive Committee serves as an executive arm of the Board in implementing the policies laid down by the Board and handling the day-to-day businesses of the Company. They are responsible for overseeing the management of the Company, considering issues regarding finance, investments, merger and acquisition. Members of the Executive Committee currently include Dr Cheng Kar-shun, Henry as Chairman, 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 FY2013, the interim results for FY2013/2014 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 2014, the audit committee reviewed and discussed with the management the final results and report on internal control system of the Group for FY2014.

CORPORATE

GOVERNANCE REPORT

(iii) Remuneration committee

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for all remuneration of the directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy. They have the delegated responsibility to determine the specific remuneration packages of individual executive director and senior management. Their written terms of reference 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.

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.

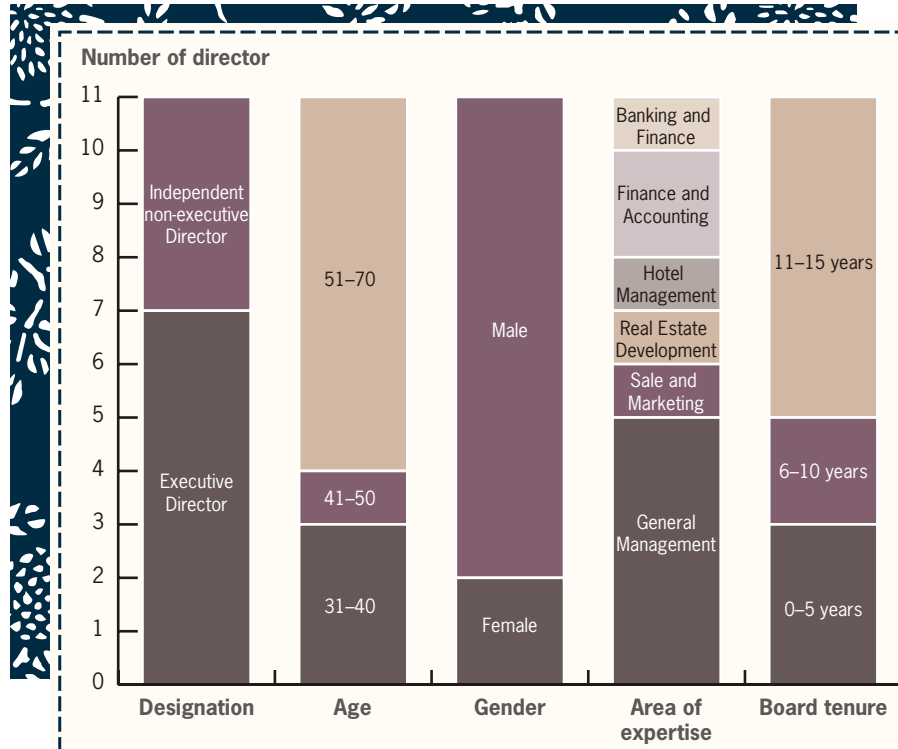
Board Diversity Policy

On 16 August 2013, the Company adopted a board diversity policy (the "Policy") setting 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 the benefits of diversity.

CORPORATE GOVERNANCE REPORT

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. With effect from 1 April 2012, the Company provides all members of the Board with monthly updates on the Company's performance, position and prospects.

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

During the year, the Company has arranged in-house training for the directors in the form of seminar and reading materials on the overview of the recently enacted Companies Ordinance (Cap. 622 of the Laws of Hong Kong) 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 2014 is as follows:

	Seminar/reading materials on the overview of Companies 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 138 to 139 of this annual report.

Internal control system

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

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

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

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

CORPORATE

GOVERNANCE REPORT

External auditor's remuneration

The external auditor's remuneration charged to consolidated income statement of the Group for the year ended 30 June 2014 amounted to HK\$14,337,000 of which a sum of HK\$9,453,000 was paid to PricewaterhouseCoopers for its auditing services and of HK\$881,000 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 2014.

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 court meeting and extraordinary general meeting of the Company held on 16 June 2014 ("Meetings") owing to other commitment. Ms Ngan Man-ying, Lynda, Executive Director and Company Secretary, took the chair of the Meetings. She and the other members of the Independent Board Committee who attended the Meetings were of sufficient caliber for answering questions raised by the attending shareholders at the Meetings.

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 24.5 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 67)

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 Lifestyle International Holdings Limited and SJM Holdings Limited, all being listed public companies in Hong Kong. In addition, Dr Cheng is the Chairman of New World Hotels (Holdings) Limited and a Director of several substantial shareholders of the Company, namely Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited. He is the Chairman of the Advisory Council for The Better Hong Kong Foundation and a Standing Committee Member of the Twelfth Chinese People's Political Consultative Conference of the People's Republic of China. In 2001, Dr Cheng was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Dr Cheng is the brother of Mr Cheng Kar-shing, Peter, the father of 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 62)

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



Executive Director

Dr Cheng Chi-kong, Adrian*(Aged 34)*

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 also an Executive Director and the Joint General Manager of New World Development Company Limited, a substantial shareholder of the Company, an Executive Director of New World Department Store China Limited, Chow Tai Fook Jewellery Group Limited and International Entertainment Corporation as well as a Non-Executive Director of Giordano International Limited and Modern Media Holdings Limited, all being listed public companies in Hong Kong. In addition, he is a Director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, both being substantial shareholders of the Company. He is also the Chairman of New World Group Charity Foundation Limited. 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 the Honorary Chairman of Fundraising Committee of the Wu Zhi Qiao (Bridge to China) Charitable Foundation. 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

Ms Cheng Chi-man, Sonia*(Aged 33)*

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.

DIRECTORS' PROFILE



Executive Director

Mr Cheng Chi-him, Conrad

(Aged 35)

Mr Cheng was appointed as an Executive Director of New World China Land Limited in January 2010. He graduated from University of Toronto in Canada with a Bachelor's Degree majoring in Statistics and has been specialising in project management of property projects in China since 2005. He is currently an Executive Director of International Entertainment Corporation, a listed public company in Hong Kong. Mr Cheng is the son of Mr Cheng Kar-shing, Peter and the nephew of Dr Cheng Kar-shun, Henry. He is also the cousin of Dr Cheng Chi-kong, Adrian and Ms Cheng Chi-man, Sonia.



Executive Director

Mr Fong Shing-kwong, Michael

(Aged 66)

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.



Executive Director

Ms Ngan Man-ying, Lynda*(Aged 48)*

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



Independent Non-Executive Director

Dr Cheng Wai-chee, Christopher*GBS OBE JP (Aged 66)*

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), upon re-designation from Non-Executive Director on 16 May 2014. He is also an Independent Non-Executive Director of The Hongkong and Shanghai Banking Corporation Limited. Dr Cheng was the Chairman of Winsor Properties Holdings Limited (now known as Vanke Property (Overseas) Limited), a listed public company in Hong Kong, and an Independent Non-Executive Director of DBS Group Holdings Limited, a listed public company in Singapore, up until his retirement on 1 September 2012 and 29 April 2013, respectively. Dr Cheng has a keen interest in the public services. He is currently a member of the Judicial Officers Recommendation Commission, a member of the Council of The University of Hong Kong and a steward of the Hong Kong Jockey Club. He also serves as a member of the board of Overseers at Columbia Business School, the board of Temasek Foundation CLG Limited, and a member on the President's Council on International Activities of the Yale University. Dr Cheng holds a BBA from the University of Notre Dame, Indiana, USA, and an MBA from Columbia University, New York and was conferred the degree of Doctor of Social Sciences *honoris causa* by the University of Hong Kong.

DIRECTORS' PROFILE



Independent Non-Executive Director

Hon Tien Pei-chun, James

GBS JP (Aged 67)

Mr Tien was appointed as an Independent Non-Executive Director of New World China Land Limited in June 1999. He is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board of Directors of the Company. Mr Tien is Chairman of Manhattan Holdings Ltd., Manhattan Garments (International) Ltd., Manhattan Realty Ltd. and director of a number of private companies. He is also an Independent Non-Executive Director of Yeebo (International Holdings) Limited, a listed public company in Hong Kong. Mr Tien is a legislative councillor and is very active in the community. Other than a member of the Chinese People's Political Consultative Conference, Mr Tien also 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 65)

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



Independent Non-Executive Director

Mr Ip Yuk-keung, Albert

(Aged 62)

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 manager of Langham Hospitality Investments and Langham Hospitality Investments Limited (publicly listed on the Hong Kong Stock Exchange). Mr Ip is the Independent Non-Executive Director and Audit Committee Chairman of Hopewell Highway Infrastructure Limited and AEON Credit Service (Asia) Company Limited, both Hong Kong listed public companies. He is also the Independent Non-Executive Director and Audit Committee member of TOM Group Limited, Lifestyle International Holdings Limited and Power Assets Holdings Limited, all being Hong Kong listed public companies. Mr Ip is 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. His areas of expertise are in real estate, corporate banking, risk management, transaction banking and wealth management. Mr Ip was named Managing Director of Citigroup in 2003. He held senior positions at Citigroup such as North Asia Real Estate Head, Corporate Bank Head, Head of Transaction Banking and Head of Asia Regional Investment Finance of Wealth Management. He was a Managing Director of Investments at Merrill Lynch (Asia Pacific).

Mr Ip is a Council Member and an Adjunct Professor of Lingnan University, an Adjunct Professor at City University of Hong Kong, a Member of the International Advisory Committee at University of Macau and an Executive Fellow in Asia at Washington University in St. Louis. 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 is an Honorary Fellow of Vocational Training Council.

SENIOR MANAGEMENT PROFILE

Yau Kwok-siu, Ronald

Liang Guo-qiang, CK

Li Sau-lung

Wong Wai-kong, Ray

Yuan Zhi-hai, Titus

Wong Siu-man, Simon

Chan Yiu-ho, Benny



Chan Chi-wing, Wingo

Wong See-yuen

Geng Shu-sen, Kenneth

Ngan Man-ying, Lynda

Lau Chung-chun, Desmond

Yau Kwok-siu, Ronald*(aged 51)*

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

Liang Guo-qiang, CK*(aged 41)*

Mr Liang is a Regional Chief Executive of the Group, whose primary responsibility is to oversee the Group's projects in Guiyang. Mr Liang possesses more than 18 years of working experience in the property development sector in PRC, especially in marketing and management. Mr Liang is the Committee Member of the 11th Chinese People's Political Consultative Conference of Foshan and the Standing Committee Member of the 1st Chinese People's Political Consultative Conference of Guanshanhu District in Guiyang. Mr Liang joined the Group in 2002.

Yuan Zhi-hai, Titus*(aged 43)*

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

Wong Siu-man, Simon*(aged 45)*

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

SENIOR

MANAGEMENT PROFILE

Li Sau-lung*(aged 60)*

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 30 years of experience in architecture, project management and property development and has held a number of senior positions in international consulting firms, property development companies and real estate investment funds. Mr Li joined the Group in 2011.

Wong Wai-kong, Ray*(aged 46)*

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 New World Group in 1993.

Chan Yiu-ho, Benny*(aged 42)*

Mr Chan is a Deputy Regional Chief Executive of the Group who primarily assists Mr Desmond Lau in overseeing the Group's projects in Shenyang and Anshan. Mr Chan holds a Bachelor Degree in Business Administration from the Chinese University of Hong Kong, and has over 14 years of experience in real estate development in the PRC. Mr Chan is a Committee Member of the 14th Chinese People's Political Consultative Conference of Heping District, Shenyang, 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.

Geng Shu-sen, Kenneth*(aged 51)*

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), Hainan, 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 20 years of experience in real estate development in Hong Kong and the PRC. Mr Geng is the Standing Committee Member of the 12th Chinese People's Political Consultative Conference of Guangzhou, the Standing Committee Member of the 7th Chinese People's Political Consultative Conference of Tianhe District in Guangzhou, the Honorary Citizen of Guangzhou, the Honorary Citizen of Zhaoqing, and also the Executive Director of Guangzhou Overseas Friendship Association. Mr Geng joined the Group in 1999 and was appointed as Regional Director — Southern China in 2008.

Chan Chi-wing, Wingo*(aged 52)*

Mr Chan is a Regional Chief Executive of the Group who primarily oversees the Group's projects in Beijing, Tianjin, Jinan, Tangshan and Langfang. Mr Chan has more than 20 years 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 16 years.

Lau Chung-chun, Desmond*(aged 67)*

Mr Lau is a Regional Chief Executive of the Group who primarily oversees the Group's projects in Shenyang and Anshan. Mr Lau has over 20 years of experience in real estate development in Hong Kong and the PRC. Mr Lau is a Model Worker of the City of Shenyang, an Honorary Citizen of the City of Shenyang, Vice Chairman of the Shenyang Real Estate Development Association, Committee Member of the 10th, 11th and 12th Chinese People's Political Consultative Conference of Shenyang, Standing Committee Member of the 13th and 14th Chinese People's Political Consultative Conference of Shenyang, Convenor (Shenyang Region) of Hong Kong CPPCC (Provincial) Members 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.

Wong See-yuen*(aged 57)*

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 34 years of experience in real estate management, leasing and project development and management of various projects in Hong Kong and Mainland China. Mr Wong is the Vice Chairman of Chengdu Association of Enterprises with Foreign Investment, The House and Real Estate Association of Chengdu and The Chengdu Executive Committee Chairman of Hong Kong Chamber of Commerce in China. Mr Wong joined the New World Group in 2002.

CORPORATE SUSTAINABILITY

Sustainability has always been an integral part of NWCL's corporate culture. The Group is committed to improving the environment and living quality of communities, as well as to actively promoting eco-friendly and healthy lifestyle. Through effective communication with various stakeholders, the Group strives to balance the needs and expectations of all parties in terms of financial contributions, environmental protection and community development.

During the year, NWCL implemented various policies and held diversified activities to promote environmental protection, art and culture, sports development and sustainability issues in all aspects of its businesses. The Group will launch its first-ever standalone *Sustainability Report** by the end of 2014, so as to demonstrate its achievement and the roadmap of sustainable development.

SUSTAINABILITY COMMITTEE

NWCL attaches great importance in the balance among the economy, society and environment, and sustainability has become a crucial part of its corporate culture, management and operations. In order to optimise standards and systematic management of sustainability, the Group formulated the Sustainability Policy, and established a Sustainability Committee with members from different regions, units and levels of management in 2012, striving to implement its sustainability initiatives into each subsidiary, and into the management and operations of each business line. To provide guidelines for sustainability practices, the Committee has set up a sustainability framework, annual goals, action plans and review procedures.



Canton First Estate preserves the local eco-habitat, including woodland and the lake which covers around 470,000 sq m and 270,000 sq m respectively

* Sustainability Report is available at the Group's website: <http://www.nwcl.com.hk/html/eng/corporate/citizen9.aspx>

ENVIRONMENT

NWCL places importance on its environmental responsibilities, and actively promotes the application and innovation of green building design, so as to minimise the negative effects of a building life cycle on the environment. It also brings the eco-friendly concept to communities through diversified activities, introducing a green lifestyle to people.

Green Building Design

The Group believes the most cost-effective approach is considering sustainable design at the early design stage. Therefore, NWCL pays particular attention to the promotion and application of green building design. Nine projects of the Group have attained LEED Gold Certification or Pre-certification issued by the US Green Building Council. The Group also stipulates NWCL Green Building Design Guidelines, so as to vigorously promote green architectural designs. This Guideline encourages considering environmental performance in terms of site, energy, water resources, materials, indoor environment and operational management during design stage, and to adopt the best practices to minimise negative effects on the environment.



The green landscape of Tianjin Xin Hui Hua Ting

Property Management

NWCL has been initiating a wide range of activities and measures and joining hands with owners, tenants and residents to create a green community. It excels in energy saving, emission reduction, water saving and promoting environmental awareness.

Energy Saving

The Group has been sparing no effort to reduce emissions, and has set 2014–2015 emission reduction targets: it is expected that the energy consumption can be reduced by up to 3.79 million kWh, equivalent to the total annual electricity consumption of 2,500 families, for the operational projects.

Water Saving

NWCL has also been actively carrying out water saving initiatives. Apart from integrating water saving designs and facilities into building design, it also introduces relevant initiatives to property management, such as the reuse of recycled water and rain water for irrigation, control the flow of water fittings, and the utilisation of stored water from waterscapes for irrigation and floor cleaning.



In Haikou Meilisha project, 100,000 cbm of excavated material is backfilled in landscape area to achieve earthwork balance

CORPORATE SUSTAINABILITY

Promotion of Environmental Protection

NWCL is committed in leading tenants and residents to save energy and reduce emissions through property management and operation. In 2014, NWCL and its commercial properties as well as residential communities have supported the Earth Hour campaign of the World Wide Fund for Nature for six consecutive years, in a bid to increase the environmental awareness of the public and to create green communities. The Group puts great emphasis on interactions amongst owners, and promotes green lifestyles through multiple environment protection activities.



NWCL has supported the Earth Hour campaign for six consecutive years

COMMUNITY

NWCL understands it is inevitable to establish interactions with surrounding groups and organisations through its operations of residential and commercial properties. Thus the Group attaches high importance to good communications with communities. The Group fully supports local community programmes which could utilise the Group's expertise so as to ensure best use of resources and the sustainable viability of community projects.

Community Building

Since 2012, NWCL has joined hands with an international charitable organisation, Habitat for Humanity China, to work on farmhouse rebuild programmes for impoverished families in Mainland China. From 2013 to 2014, the Group donated RMB896,000 to Habitat for Humanity China for 68 farmhouses rebuild in the stricken areas in Sichuan and Guangzhou. In June 2014, the Group recruited 25 volunteers from Hong Kong and Mainland China to go to Gaohe County, Qionglai City in Sichuan province to participate in a 5-day farmhouse rebuild service.



25 volunteers from Hong Kong and Mainland China participate in the Sichuan farmhouse rebuild voluntary service

Caring for Disadvantaged Groups

The Group has been actively giving back to society, providing support and care. In order to encourage staff to engage in voluntary service, NWCL set up New World Volunteer Team, the first developer's corporate volunteer team in Mainland China, early in November 2008. Currently, there are over 900 volunteers from more than 10 cities across China, and the total service hour of the New World Volunteer Team in 2013–2014 amounted to 7,463 hours.



Hong Kong staff participates in the "Kid's cultural ambassador — Tai O village visit" voluntary activity

Art and Culture

The Group pays particular attention to implementing a sustainability concept into the community, while focusing on local art and culture. In 2013, the Group launched a series of corporate branding events under the theme of “Artistic New Life” to promote art and cultural development of the community and enrich the public’s cultural experience.

“New World • City Trace Memories”

The “New World • City Trace Memories” was launched in September 2013 nationally. An online voting of “My Favourite Intangible Cultural Heritage Items” was established, in which “Sichuan shadow puppet show, Shandong nut-carving, Shenyang song-and-dance duet, Hubei Wudang martial arts, Guangdong dragon boat and Guizhou Miao embroidery” were selected by over 10,000 people. A team of art professors from Tsinghua University then created sculptures based on the shortlisted items and the six final art pieces were exhibited in a roving tour in Mainland China and Hong Kong. Inheritors of the intangible culture heritage were invited to join the exhibition and demonstrate their craftsmanship. The campaign has netted a Gold Award in the category of “Community Relations — Culture, Sports and Public Relations” in the 11th China Golden Awards for Excellence in Public Relations.

NWCL was also invited to bring intangible cultural heritage of Mainland China and Hong Kong to the international stage through “New World China Week” event in Washington DC,

US in May 2014, enabling the US public and tourists from other countries to gain a better understanding of this unique culture. As an extension of the roving exhibition in Mainland China and the US, NWCL launched “City Trace Memories — The Intangible Cultural Heritage of Hong Kong” activity and introduced the traditional culture to the public via sculpture exhibition and workshops.

City Theatre

In August 2013, NWCL held four “New World • City Theatre” charitable performances in Shenzhen, delivering a sumptuous art and culture feast to the public. These performances aimed at eliminating the stage boundary in the conventional mindsets and transforming professional art into creative performances, thus providing an opportunity for the public to get closer to various art forms.



Inheritors of the intangible cultural heritage are invited to demonstrate their craftsmanship in the “New World • City Trace Memories” activity



The “New World China Week” held in Washington DC, US displays the splendour of the intangible cultural heritage of both Mainland China and Hong Kong on an international stage

CORPORATE SUSTAINABILITY

Happy Island Library

Since 2010, NWCL has cooperated with a charitable organisation, Le Chuang Yi Community, and launched Happy Island Library, introducing community libraries into various residential developments. The libraries gradually become reading and cultural hubs for local residents. Currently, there are five Happy Island Libraries in Beijing, Guangzhou, Wuhan and Guiyang communities, with a collection of 232,000 books, 1,900 members and 550 volunteers; altogether more than 122 community activities have been held. The Happy Island Libraries occasionally organised the internationally well-received “Human Library” activity which aims at eliminating barriers and promoting mutual exchange by reading “living books”.

In August 2013, NWCL (Shenzhen) launched a “Midnight Human Library” activity with more than 2,500 participants. This event received the “2013 SZ/HK Lifestyle Awards” organised by the Southern Metropolis Daily.

Sports Development

NWCL has been dedicated to promoting sports development. In Southern China, the Group incorporates the features of its project in Foshan, Guangdong province, to develop and operate the Foshan Golf Club in Canton First Estate. It spares no effort to promote golf in the local area, and to drive economic, social and environmental developments through actively organising international competitions. Foshan Golf Club has attained the authoritative GEO (Golf Environment Organization) Certified™ ecolabel, making it become the second golf club in China to receive the prestigious international award for sustainable golf club and the first golf course which received this accolade in Southern China.

In addition, NWCL (Southern China) successfully held the fifth themed Sports Day, with participating property owners amounting to thousands of people in 2014. Through torch relays and sports games organised in the communities, more property owners enjoyed a taste of healthy community lifestyle brought by NWCL.



Happy Island Libraries are located in the communities of Beijing, Guangzhou, Wuhan and Guiyang



NWCL launches the first major “Midnight Human Library” event in Shenzhen and leads the new trend of reading



European Golf Challenge — Foshan Open has been taken place at the Foshan Golf Club for two consecutive years since 2013

STAFF

NWCL believes that one of the core values of corporate sustainability is the mutual growth of the corporate and its employees. Therefore, the Group has set up “NWCL Administration and Human Resources Committee” and extends its care to its employees’ lives outside work. The Group adheres to channelling abundant resources to support the training and development of employees.

Talent Training and Development

The Group ensures its employees acquiring adequate professional training and career development guidance through multiple policies. During the year, the Group provided 124,370 hours of professional training to its employees. The comprehensive trainings covered a wide range of topics, from professional ethics and business expertise to occupational skills.

In order to further motivate its employees, the Group formulated its first “Evaluation and Award System for Best Performers Policy” in 2013. The best-performing staff from three categories, namely “management”, “general staff” and “front line staff” would be nominated and awarded every year.

Employee Welfare

The Group provides various benefits for its employees, such as birthday leave, examination leave, staff discount for property purchases and festival gifts. Numerous caring activities are also organised in different regional offices. In order to extend the Group’s care to the families of employees, NWCL has introduced paid family care leave for Hong Kong’s staff in 2014; they are entitled to one day leave a year to take care of their sick family members. In addition, scholarship and internship programmes for the employees’ children have also been set up. During the year, the Group granted scholarships to 10 employees’ children.

Staff’s Engagement and Innovation

NWCL values the opinions and creativity of its employees, and encourages them to participate in the Group’s management and operations. The Group has established “LEAPING” work improvement group, aiming at encouraging staff to explore new ideas and intrapreneurship. During the year, 148 “LEAPING” work improvement groups were formed. Submitted proposals were reviewed by regional offices, while training, resources and guidance would be provided to the nominated groups.



Regular professional trainings are organised for the sales team in Shenyang and Anshan



The “LEAPING” group presents the creative ways of minimising food waste in canteen through a performance



NWCL (Southern China) organises the Staff Sports Day every year

CORPORATE SUSTAINABILITY

CUSTOMERS

NWCL endeavours to provide customers with premium yet innovative sales services and property management. Also, the Group carries through the customer-oriented objectives and offers superior lifestyle to customers through the NWCL Club.

NWCL Club

Established in 2009, the NWCL Club provides diversified value-added services, and enhances interaction with customers. Currently, the Group has established NWCL Club in 20 major cities in Mainland China, with more than 180,000 members. NWCL Club maintains close two-way communication with members through periodical newsletters, and continues to provide exclusive offers and privileges of New World Group to its members. In addition, NWCL Club regularly holds various family, sports, art, cultural and lifestyle activities to enrich members' lives.

Customer Health and Safety

In order to ensure the health and safety of customers, the Group has set up a series of guidelines, measures and emergency plans. The Group attaches importance to the effects of furnished residential properties on clients and thus it strictly follows the "Code of indoor environmental pollution control of civil building engineering" and complies with relevant policies about harmful content standards of interior design materials at the early design stage and material selection.



NWCL Club (Chengdu) organises a themed activity for the Children's Day

Digital Value-added Services

In the digital era, customers' expectations and the ways they receive information have been changing. In order to provide more premium services and maintain a closer customer relationship, NWCL has launched a multitude of customer-oriented digital platforms, such as the online sales centres which provide virtual "site visit" and offering "instant home purchase" discount as well as professional consultation, so as to utilise the instant feature of the internet to facilitate customers. The Group has also established a "Wechat" online service platform and a property management application, enabling owners to take care of their home and enjoy modern property management in a leisurely manner.



NWCL is dedicated to offering high-quality services to its customers and strives to pursue excellence in customer service

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REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report and financial statements for the year ended 30 June 2014.

GROUP ACTIVITIES

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

FINANCIAL STATEMENTS

The results of the Group for the year ended 30 June 2014 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 140 to 226.

DIVIDENDS

The directors have resolved to recommend the payment of a final dividend of HK\$0.03 per share (2013: HK\$0.04 per share) in respect of the year ended 30 June 2014. The proposed final dividend, if approved at the forthcoming annual general meeting of the Company, will be paid on or about Monday, 29 December 2014 to the shareholders whose names appear on the register of members of the Company on Wednesday, 26 November 2014. Together with the interim dividend of HK\$0.04 per share (2013: HK\$0.03 per share), the total dividends for the year ended 30 June 2014 would thus be HK\$0.07 per share (2013: HK\$0.07 per share).

SHARE CAPITAL

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

RESERVES

Details of the movements in reserves are set out in note 31 to the financial statements. Distributable reserves of the Company at 30 June 2014 amounted to HK\$20,900 million (2013: HK\$20,594 million).

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

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

PROPERTY, PLANT AND EQUIPMENT

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

DONATION

Donation made by the Group during the year amounted to HK\$8,678,000 (2013: HK\$15,331,000).

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, Mr Cheng Kar-shing, Peter, Ms Ngan Man-ying, Lynda and Hon Tien Pei-chun, James will retire by rotation at the forthcoming annual general meeting, and being eligible, will offer themselves for re-election. The remaining current directors continue in office.

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

PRE-EMPTIVE RIGHTS

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

DIRECTORS' INTEREST IN CONTRACTS

Save for contracts amongst group companies and the sale and purchase agreement dated 7 April 2014 between (among others) the Group and the associates of Mr Cheng Kar-shing, Peter, a director of the Company, as described in paragraph E(2) in the section headed "Connected Transactions" below, no other contracts of significance in relation to the Company's business to which the Company, its subsidiaries, its holding company or fellow subsidiaries is a party, and in which any director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

REPORT OF THE DIRECTORS

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

The aggregate transaction values under the Existing Master Services Agreement for the year ended 30 June 2014 amounted to HK\$26,336,000 (2013: HK\$25,438,000), which were within the annual cap of HK\$46,000,000.

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

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

The aggregate transaction values under the Potential Master Services Agreement for the year ended 30 June 2014 amounted to HK\$75,649,000 (2013: HK\$34,682,000), which were within the annual cap of HK\$1,476,000,000.

At the date of the Potential Master Services Agreement, Mr Doo was a connected person of the Company based on the reason stated in the paragraph A(1) above. Details of the Potential Master Services Agreement were set out in an announcement of the Company dated 19 May 2011 and in a circular dated 10 June 2011.

- (3) On 21 May 2012, a master services agreement (“NWD Master Agreement”) was entered into between the Company and NWD under which the Company agreed to (i) engage members of NWD group to provide contracting services, property agency services and leasing services to members of the Group; and (ii) provide leasing and property management services, as well as hotel management services to members of NWD group, together with such other types of services the Company and NWD may agree upon from time to time in writing, subject to the terms and conditions of each definitive agreement which shall be on normal commercial terms or at prices and terms no less favourable to the Company than terms available to or from (as the case may be) independent third parties, with effect from 1 July 2012 for an initial term of three years. For the purposes of the NWD Master Agreement, NWD group includes NWD, its subsidiaries or any other company in the equity capital of which NWD and/or its subsidiaries taken together are directly or indirectly interested so as to exercise or control the exercise of 30% or more of the voting power at general meeting, or to control the composition of a majority of the board of directors, and the subsidiaries of such company but excludes members of the Group. NWD is a connected person of the Company by virtue of its substantial shareholding in the Company. Details of the NWD Master Agreement were set out in the announcement of the Company dated 21 May 2012 and in a circular dated 8 June 2012.

The aggregate transaction values in respect of (i) the services rendered by the NWD group to the Group and (ii) the services rendered by the Group to the NWD group under the NWD Master Agreement and the annual caps stipulated under the NWD Master Agreement for the year ended 30 June 2014 were as follows:

	Aggregate transaction values HK\$'000	Annual caps HK\$'000
Services rendered by the NWD group to the Group	186,448	769,200
Services rendered by the Group to the NWD group	447,297	677,300

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

The aggregate transaction values under the Master Contracting Services Agreement for the year ended 30 June 2014 amounted to HK\$198,188,000 (2013: HK\$21,440,000), which were within the annual cap of HK\$355,000,000.

At the date of the Master Contracting Services Agreement, Mr Doo was a connected person of the Company based on the reason stated in the paragraph A(1) above. Details of the Master Contracting Services Agreement were set out in the announcement of the Company dated 10 December 2012.

- (5) 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. CTF is a substantial shareholder of NWD and is considered to be a connected person of the Company. Details of the CTF Master Agreement were set out in the announcement of the Company dated 27 June 2013.

The annual cap amounts stipulated under the CTF Master Agreement had been revised to HK\$464,000,000, HK\$459,000,000 and HK\$322,000,000, respectively for the each of the three years ending 30 June 2016 as set out in the announcement of the Company dated 28 March 2014.

The aggregate transaction values under the CTF Master Agreement for the year ended 30 June 2014 amounted to HK\$305,946,000, which were within the annual cap of HK\$464,000,000.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS *(Continued)*

A. Master services agreements *(Continued)*

- (6) On 30 June 2014, the Company and Mr Doo entered into a master operational services agreement (“Master Operational Services Agreement”) in anticipation of the expiry of the Existing Master Services Agreement (paragraph A(1) above) and the Potential Master Services Agreement (paragraph A(2) above). 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.

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. Details of the Master Operational Services Agreement were set out in the announcement of the Company dated 30 June 2014.

The annual cap amounts in respect of the Master Operational Services Agreement for each of the three years ending 30 June 2015, 30 June 2016 and 30 June 2017 will be HK\$412,000,000, HK\$751,000,000 and HK\$563,000,000, respectively.

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

The aggregate transaction values under the master purchase agreement for the year ended 30 June 2014 amounted to HK\$79,806,000 (2013: HK\$9,930,000), which were within the annual cap of HK\$194,200,000. CTFJ is an associate of CTF which is a substantial shareholder of NWD and is therefore regarded as a connected person of the Company under the Listing Rules. Details of the master purchase agreement were set out in the announcement of the Company dated 19 March 2013.

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 (“Shopping Vouchers”) to be issued by the Group, the prepaid shopping cards (“Prepaid Shopping Cards”) to be issued by NWDS group and purchased by the Group or other means acceptable to the NWDS group as payment of purchase of goods at the department stores owned and operated by NWDS group and the settlement of the relevant value represented by such payment (with discount, if applicable) between relevant members of the Group and the NWDS group, subject to the terms and conditions in compliance with those of the 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 2014 amounted to 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. Contracts for sale of properties

On 18 October 2013, 北京崇文 – 新世界房地產發展有限公司 (Beijing Chong Wen - New World Properties Development Co., Ltd.) (“Chong Wen”), a 70%-owned joint venture, entered into a property sale and purchase contract with 航天新世界 (中國) 科技有限公司 (Aerospace New World (China) Technology Limited) (“Aerospace”) in relation to the sale from Chong Wen to Aerospace of Units 1004, 1005 and 1006 of Beijing Xin Yu Garden Commercial Centre located at 90 Guangqumennei Street, Dongcheng District, Beijing, the PRC, with a total construction area of 517.82 sq m for a consideration of RMB17,088,060.

On the same day, Chong Wen entered into another property sale and purchase contract with 深圳市翔龍通訊有限公司 (Shenzhen Sunlong Communication Co., Ltd.) (“Sunlong”) in relation to the sale from Chong Wen to Sunlong of Units 1001, 1002, 1003, 1007 and 1008 of Beijing Xin Yu Garden Commercial Centre with a total construction area of 594.19 sq m for a consideration of RMB19,608,270.

Aerospace is a wholly-owned subsidiary of China Aerospace New World Technology Limited, a 50%-owned joint venture of NWD and Sunlong is a wholly-owned subsidiary of NWD. Both Aerospace and Sunlong are therefore regarded as connected persons of the Company under the Listing Rules. The property sale and purchase contracts were entered into by Chong Wen in its ordinary and usual course of business. Details of the transactions were set out in the announcement of the Company dated 18 October 2013.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS *(Continued)*

E. Acquisitions

- (1) On 16 December 2013, New World Hotel Management (BVI) Limited (“NWHM”), a wholly-owned subsidiary, entered into a sale and purchase agreement with CTF Holdings Limited (“CTFH”) pursuant to which NWHM agreed to acquire and CTFH agreed to sell the entire issued share capital of Penta Hotel Holdings Limited (“PHHL”) for a consideration of Euro 13,536,000 (equivalent to approximately HK\$144,835,200). The group of PHHL is principally engaged in the business of hotel management in Europe. The sale and purchase agreement was completed on 19 December 2013 and was entered into for the purpose of broadening the business and income base of the Group and achieving multi-brand integration with the existing hotel management business of the Group.

By virtue of the fact that CTFH is wholly and beneficially owned by CTF which is a connected person of the Company as mentioned in paragraph A(5) above, CTFH is therefore also considered as a connected person of the Company. The acquisition from CTFH therefore constituted a connected transaction of the Company, details of which were set out in the announcement of the Company dated 16 December 2013.

- (2) On 7 April 2014, White Heron Limited (the “Purchaser”) and Dragon Joy (China) Limited, wholly-owned subsidiaries, entered into a sale and purchase agreement (“Sale and Purchase Agreement”) with Sun City Holdings Limited (“Sun City”), Potassium Corp. (“Potassium”), Brinkley Holdings Ltd (“Brinkley”), City Court Properties Limited, Hold Fast Co Ltd and Dragon Fortune Limited (“Dragon Fortune”) in relation to the acquisition by the Purchaser of a total of 33,268 shares (“Sale Shares”) of, representing 57.46% equity interest in, Dragon Fortune together with the related shareholders’ loan for a total consideration of HK\$260,000,000 (subject to adjustment).

The acquisition was completed on 31 May 2014 and the consideration had been adjusted to HK\$245,000,000 by reference to the unaudited consolidated net asset value of Dragon Fortune as at 31 May 2014 as compared with its adjusted net asset value as at 30 September 2013 in accordance with the terms of the Sale and Purchase Agreement. The consideration for the acquisition of 11,767 Sale Shares, 4,102 Sale Shares and 593 Sale Shares from Sun City, Potassium and Brinkley was determined at HK\$103,279,950, HK\$25,602,839 and HK\$11,720,903, respectively.

Dragon Fortune is principally engaged through its subsidiaries in the operation of Palm Island Resort and real estate development in Huiyang, the PRC. Upon completion of the acquisition, Dragon Fortune became a wholly-owned subsidiary of the Group. The acquisition enabled the Group to acquire the entire management control over Dragon Fortune.

Sun City and Potassium are associates of Mr Cheng Kar-shing, Peter, a director of the Company, and Brinkley is wholly-owned by Mr Cheng Kam-chiu, Stewart, a relative of certain directors of the Company. The acquisitions from Sun City, Potassium and Brinkley constituted connected transactions of the Company under Listing Rules, details of which were set out in the announcement of the Company dated 7 April 2014.

F. Hotel agreements

Penta Hotels Germany GmbH (“PHGG”), a wholly-owned subsidiary of PHHL, 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. Upon completion of the acquisition of PHHL by NWHM on 19 December 2013 as mentioned in paragraph E(1) above, 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. Details of the Hotel Agreements were set out in the announcement of the Company dated 19 December 2013. The aggregate transaction values under the Hotel Agreements from 19 December 2013 to 30 June 2014 amounted to HK\$8,547,000.

G. 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\$1,075,306,000 (2013: HK\$617,208,000) was effected.

H. Annual review of the continuing connected transactions

The independent non-executive directors of the Company had reviewed the continuing connected transactions arising from the master services agreements (paragraphs A(1) to (5) above), the master purchase agreement (paragraph B above), the master sales agreement (paragraph C above) and the Hotel Agreements (paragraph F above) for the financial year ended 30 June 2014 and confirmed that the transactions were:

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

The Company’s auditor was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the abovementioned continuing connected transactions disclosed by the Group in accordance with Main Board Listing Rule 14A.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 2014, the interests of the directors and their associates in shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

(A) Long position in shares

	Number of shares			Total	Percentage to the relevant issued share capital as at 30 June 2014
	Personal interests	Family interests	Corporate interests		
New World China Land Limited					
(Ordinary shares of HK\$0.10 each)					
Dr Cheng Kar-shun, Henry	29,985,826	4,387,500	117,610,200 ¹	151,983,526	1.75
Mr Cheng Kar-shing, Peter	755,961	—	—	755,961	0.01
Ms Cheng Chi-man, Sonia	953,669	—	—	953,669	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 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	0.81
Mr Cheng Kar-shing, Peter	276,292	—	5,578,697 ²	5,854,989	0.16
Mr Fong Shing-kwong, Michael	2,421,732	—	—	2,421,732	0.06
Dr Cheng Wai-chee, Christopher	2,548,818	—	—	2,548,818	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 wholly-owned by Dr Cheng Kar-shun, Henry.
2. These shares are beneficially owned by a company wholly-owned by Mr Cheng Kar-shing, Peter.
3. 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			
			Balance as at 1 July 2013	Exercised during the year	Balance as at 30 June 2014	Exercise price per share HK\$
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
Ms Cheng Chi-man, Sonia	29 December 2008	3	785,269	(785,269) ⁴	—	1.290
Mr Fong Shing-kwong, Michael	18 January 2011	1	519,481	(70,000) ⁵	449,481	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			7,122,932	(855,269)	6,267,663	

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN SECURITIES (Continued)

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

(1) The Company (Continued)

Notes:

1. Divided into 5 tranches, exercisable from 19 February 2011, 19 February 2012, 19 February 2013, 19 February 2014 and 19 February 2015, respectively to 18 February 2016.
2. Divided into 3 tranches, exercisable from 19 February 2013, 19 February 2014 and 19 February 2015, respectively to 18 February 2016.
3. Divided into 5 tranches, exercisable from 30 January 2009, 30 January 2010, 30 January 2011, 30 January 2012 and 30 January 2013, respectively to 29 January 2014.
4. The exercise date was 21 January 2014. On the trading date immediately before the exercise date, the closing price per share was HK\$3.980.
5. The exercise date was 21 November 2013. On the trading date immediately before the exercise date, the closing price per share was HK\$4.330.
6. The cash consideration paid by each of the directors for grant of the share options is HK\$10.

(2) New World Development Company Limited

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

Name of director	Date of grant	Exercisable period <i>note</i>	Number of share options			Balance as at 30 June 2014	Exercise price per share <i>note 3</i> HK\$
			Balance as at 1 July 2013	Exercised during the year	Adjusted during the year <i>note 3</i>		
Dr Cheng Kar-shun, Henry	19 March 2012	1	10,014,956	—	633,328	10,648,284	9.176
Mr Cheng Kar-shing, Peter	19 March 2012	1	500,747	—	31,666	532,413	9.176
Dr Cheng Chi-kong, Adrian	19 March 2012	1	3,505,234	—	221,664	3,726,898	9.176
Ms Cheng Chi-man, Sonia	19 March 2012	1	3,004,486	—	189,997	3,194,483	9.176
Mr Fong Shing-kwong, Michael	19 March 2012	2	1,755,902	—	111,040	1,866,942	9.176
Mr Lee Luen-wai, John	19 March 2012	1	500,747	—	31,666	532,413	9.176
Total			19,282,072	—	1,219,361	20,501,433	

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 announced rights issue on 13 March 2014 which became unconditional on 24 April 2014 and declared interim dividend for the six months ended 31 December 2013 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\$9.756 to HK\$9.184 on 25 April 2014, and further to HK\$9.176 on 23 May 2014.
4. The cash consideration paid by each of the directors for grant of the share options is HK\$10.

(3) *New World Department Store China Limited*

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

Name of director	Date of grant	Exercisable period <i>note</i>	Number of share options			Balance as at 30 June 2014	Exercise price per share HK\$
			Balance as at 1 July 2013	Exercised during the year	Lapsed during the year		
Dr Cheng Kar-shun, Henry	27 November 2007	1	1,000,000	—	(1,000,000)	—	8.660
Dr Cheng Chi-kong, Adrian	27 November 2007	1	500,000	—	(500,000)	—	8.660
Ms Ngan Man-ying, Lynda	27 November 2007	1	500,000	—	(500,000)	—	8.660
Total			2,000,000	—	(2,000,000)	—	

Notes:

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

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 2014 were as follows:

Name of director	Amount of debentures in CNY issued by the Company				Total	Percentage to the total debentures in issue as at 30 June 2014
	Personal interests	Family interests	Corporate interests	Other interests		
Mr Cheng Kar-shing, Peter	—	—	16,000,000 ¹	—	16,000,000	0.22
Mr Cheng Chi-him, Conrad	6,000,000	—	—	—	6,000,000	0.08
Mr Fong Shing-kwong, Michael	5,800,000	—	—	—	5,800,000	0.08
Dr Cheng Wai-chee, Christopher	—	—	—	30,000,000 ²	30,000,000	0.41
Total	11,800,000	—	16,000,000	30,000,000	57,800,000	

Notes:

1. These debentures are held by a company wholly-owned by Mr Cheng Kar-shing, Peter.
2. These debentures are owned by a controlled corporation of a trust and Dr Cheng Wai-chee, Christopher is one of the beneficiaries under the trust.

(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 2014 were as follows:

Name of director	Amount of debentures in USD issued by Fita			Total	Percentage to the total debentures in issue as at 30 June 2014
	Personal interests	Family interests	Corporate interests		
Mr Lee Luen-wai, John	1,000,000	1,000,000	—	2,000,000	0.27

(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 2014 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 2014
	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 2014, none of the directors, chief executive or any of their associates had or deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

Name of director	Name of entity with competing business	Relevant business activities of the entity	Nature of interest of director in the entity
Dr Cheng Kar-shun, Henry	Chow Tai Fook (Holding) Limited ("CTFH") group of companies	Property investment and development as well as hotel operation	Director
	NWD group of companies	Property development and investment as well as hotel operation in China	Director
	Supreme Harvest Development Limited group of companies	Property investment and development in Shanghai	Director
Mr 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 Ceneric (Holdings) Limited	Property investment and development Property development	Director 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 2014, 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 2014
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTF") note 1	—	6,092,601,173	6,092,601,173	70.16
Cheng Yu Tung Family (Holdings II) Limited ("CYTF II") note 1	—	6,092,601,173	6,092,601,173	70.16
Chow Tai Fook Capital Limited ("CTFC") note 1	—	6,092,601,173	6,092,601,173	70.16
Chow Tai Fook (Holding) Limited ("CTFH") note 1	—	6,092,601,173	6,092,601,173	70.16
Chow Tai Fook Enterprises Limited ("CTF") note 2	—	6,092,601,173	6,092,601,173	70.16
New World Development Company Limited ("NWD") note 3	5,721,977,644	370,623,529	6,092,601,173	70.16

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 CTF is accordingly deemed to have an interest in the shares in which NWD is interested or deemed to be interested.
3. The number of shares held under the corporate interests of NWD includes 255,041,727 shares held by Easywin Enterprises Corporation Limited, its wholly-owned subsidiary, 22,508,064 shares held by Great Worth Holdings Limited, its 60.90% owned subsidiary, and 93,073,738 shares held by High Earnings Holdings Limited, its 61.10% owned subsidiary.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30 June 2014.

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 25,533,700 shares under the 2011 Share Option Scheme up to the date of this report. The Company may further grant share options to subscribe for 552,040,391 shares of the Company, representing approximately 6.36% of the total issued share capital of the Company as at the date of this report.</p>
Maximum entitlement of each participant under the schemes	The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares in issue unless the same is approved by shareholders in general meeting.

2002 Share Option Scheme and 2011 Share Option Scheme

The period within which the shares must be taken up under an option	At any time during a period to be notified by the directors, which period not to exceed five years commencing on the expiry of one month after the date on which the option is accepted and expiring on a date not later than the last day of the five-year period
The minimum period for which an option must be held before it can be exercised	one month
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	HK\$10 is to be paid as consideration for the grant of option within 28 days from the date of offer
The basis of determining the exercise price	<p>The exercise price shall be determined by the directors, being at least the higher of:</p> <p>(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</p> <p>(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.</p>
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 2014, 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>					Exercise price per share
	Balance as at 1 July 2013	Exercised during the year <i>note 3</i>	Re-classified during the year <i>note 4</i>	Lapsed during the year	Balance as at 30 June 2014	
31 July to 27 August 2008	68,369	(26,052)	—	(42,317)	—	3.148
12 November to 9 December 2008	140,933	(140,933)	—	—	—	1.447
2 December to 29 December 2008	59,070	(59,070)	—	—	—	1.290
3 February to 2 March 2009	165,850	(165,850)	—	—	—	1.703
26 June to 23 July 2009	3,130,605	(2,501,753)	—	(116,301)	512,551	3.913
19 November to 16 December 2009	1,996,493	(1,889,584)	—	(103,896)	3,013	2.953
12 January to 2 February 2010	2,749,325	(2,610,463)	—	(77,381)	61,481	2.878
18 May to 14 June 2010	327,750	(206,010)	—	—	121,740	2.262
31 May to 25 June 2010	476,597	(267,117)	—	—	209,480	2.349
10 November to 7 December 2010	2,328,805	(1,468,853)	—	(166,815)	693,137	3.013
18 January to 14 February 2011	6,162,389	(3,040,121)	831,169	(395,134)	3,558,303	3.036
3 May to 30 May 2011	868,530	(409,393)	—	(459,137)	—	2.753
26 July to 22 August 2011	1,447,662	(714,420)	—	—	733,242	2.705
Total	19,922,378	(13,499,619)	831,169	(1,360,981)	5,892,947	

HK\$

(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 2014	Exercise price per share
	Balance as at 1 July 2013	Granted during the year <i>note 2</i>	Exercised during the year <i>note 3</i>	Lapsed during the year		
3 May to 30 May 2012	7,246,680	—	(2,630,200)	(544,800)	4,071,680	2.450
22 October to 16 November 2012	722,000	—	(273,300)	—	448,700	3.370
7 January to 1 February 2013	5,378,700	—	(1,244,600)	(310,000)	3,824,100	3.880
2 April to 29 April 2013	2,156,000	—	(222,010)	—	1,933,990	3.350
24 June to 25 June 2013	1,390,000	—	(221,600)	—	1,168,400	2.762
15 October to 17 October 2013	—	1,900,000	(150,100)	—	1,749,900	4.010
9 January to 13 January 2014	—	4,396,400	(656,960)	—	3,739,440	3.970
Total	16,893,380	6,296,400	(5,398,770)	(854,800)	16,936,210	

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 closing prices per share immediately before 15 October 2013 and 9 January 2014, the dates of offer to grant, were HK\$3.960 and HK\$3.950, respectively.
3. The weighted average closing prices of the shares immediately before the dates on which share options were exercised under the 2002 Share Option Scheme and the 2011 Share Option Scheme was HK\$4.693 and HK\$5.192, respectively.
4. The share options were re-classified as employee's interests upon the resignation of a director of the Company on 1 July 2013.

The fair values of the share options granted during the year with exercise prices per share of HK\$4.010 and HK\$3.970 are estimated at HK\$1.53 and HK\$1.39, respectively using the Binomial pricing model. Values are estimated based on the risk-free rate ranging from 1.19% to 1.51% per annum with reference to the rate prevailing on the Exchange Fund Notes, a five-year period historical volatility ranging from 44.49% to 51.49%, assuming dividend yield ranging from 1.24% to 1.89% and an expected option life of five years.

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

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 to fund the general corporate funding requirement of the Company and its subsidiaries, including re-financing the Company's existing loans and was further granted a three-year term loan facility of HK\$920,000,000 on 17 December 2012 to finance general working capital requirement of the Company and its subsidiaries.

On 29 October 2009, Superb Wealthy Group Limited ("Superb Wealthy"), a wholly-owned subsidiary, was granted a four-year loan facility of HK\$250,000,000. It also obtained loan facilities of HK\$500,000,000 and HK\$700,000,000 on 28 May 2010 and 5 July 2010, respectively and loan facilities of HK\$400,000,000, HK\$700,000,000 (revised to HK\$400,000,000 in August 2012) and HK\$100,000,000 for a term of three to five years on 16 August 2011, 28 September 2011 and 21 October 2011, respectively. It was further granted loan facilities of HK\$200,000,000, HK\$450,000,000, HK\$500,000,000 and HK\$630,000,000 on 4 January 2012, 7 May 2012, 30 July 2012 and 19 December 2012, respectively and loan facilities of HK\$400,000,000, HK\$600,000,000 and HK\$500,000,000 for a term of two to four years on 22 February 2013, 19 April 2013 and 24 May 2013, respectively. Furthermore, loan facilities of HK\$1,000,000,000, USD64,100,000 and HK\$300,000,000 for a term of three to five years were obtained by Superb Wealthy on 7 May 2014, 18 June 2014 and 30 June 2014, respectively.

On 11 April 2011, New World China Finance (BVI) Limited ("NWCF"), a wholly-owned subsidiary, was granted a three-year term loan facility of HK\$200,000,000 which was increased to HK\$300,000,000 on 11 April 2014 for an extended term of three years. It was further granted loan facilities in an aggregate principal amount of HK\$1,200,000,000 and USD38,560,500 with a tenor of three years on 19 June 2012. New World Development (China) Limited ("NWDC"), a wholly-owned subsidiary, also obtained a three-year term loan facility of HK\$500,000,000 on 9 July 2012 with a tenor of three years. On 24 September 2012, Spread Glory Investment Limited ("Spread Glory"), a wholly-owned subsidiary, was granted a three-year loan facility of HK\$600,000,000. The facilities obtained by Superb Wealthy, NWCF, NWDC and Spread Glory will be utilised to finance the investment in property projects, repay borrowings and fund the general working capital requirement of the Company and its subsidiaries. On 25 July 2011, New World Hotel Management (BVI) Limited, a wholly-owned subsidiary, was granted a five-year term loan facility of HK\$1,000,000,000 to finance part of the consideration for acquiring a hotel management group.

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

STATEMENT OF PUBLIC FLOAT SUFFICIENCY

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

MAJOR CUSTOMERS AND SUPPLIERS

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

AUDITOR

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

On behalf of the Board

Dr Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 23 September 2014

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 140 to 226, which comprise the consolidated and company statements of financial position as at 30 June 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 23 September 2014

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2014

	Note	2014 HK\$'000	2013 HK\$'000
Revenues	6	22,379,855	16,153,872
Cost of sales		(13,097,622)	(9,395,433)
Gross profit		9,282,233	6,758,439
Other income	7	1,363,722	1,031,293
Other (losses)/gains, net	8	(237,838)	840,955
Changes in fair value of investment properties	17	616,122	623,795
Selling expenses		(737,786)	(550,200)
Administrative and other operating expenses		(1,462,301)	(1,347,765)
Operating profit before finance costs	9	8,824,152	7,356,517
Finance costs	10	(341,925)	(414,256)
Share of results of associated companies and joint ventures		462,277	964,636
Profit before taxation		8,944,504	7,906,897
Taxation charge	13	(4,145,239)	(3,051,541)
Profit for the year		4,799,265	4,855,356
Attributable to:			
Equity holders of the Company		4,638,691	4,616,314
Non-controlling interests		160,574	239,042
		4,799,265	4,855,356
Earnings per share	14		
Basic		53.49 cents	53.32 cents
Diluted		53.45 cents	53.29 cents
Dividends	15	607,713	606,589

CONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

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

CONSOLIDATED

STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	2014 HK\$'000	2013 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	4,763,887	3,430,117
Investment properties	17	21,971,592	19,928,241
Land use rights	18	703,901	621,096
Intangible assets	19	1,895,952	1,940,241
Properties held for development	21	18,182,575	17,350,847
Associated companies and joint ventures	22	14,309,144	12,914,943
Available-for-sale financial assets	24	85,147	108,457
		61,912,198	56,293,942
Current assets			
Properties under development	26	21,091,110	20,449,013
Completed properties held for sale	27	8,977,146	7,093,274
Hotel inventories, at cost		4,002	4,551
Prepayments, debtors and other receivables	28	10,881,917	13,817,090
Amounts due from related companies	29	577,025	851,225
Cash and bank balances, unrestricted	25	17,351,595	19,337,202
		58,882,795	61,552,355
Non-current assets reclassified as held for sale	23	131,138	—
		59,013,933	61,552,355
Total assets		120,926,131	117,846,297
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	30	868,335	866,360
Reserves	31	56,623,635	53,135,700
Proposed final dividend	31	260,547	346,686
		57,752,517	54,348,746
Non-controlling interests		3,566,137	3,354,883
Total equity		61,318,654	57,703,629

	Note	2014 HK\$'000	2013 HK\$'000
LIABILITIES			
Non-current liabilities			
Long term borrowings	32	25,226,035	30,957,581
Deferred tax liabilities	33	3,252,232	2,839,705
		28,478,267	33,797,286
Current liabilities			
Creditors and accruals	34	6,950,199	6,819,852
Deposits received on sale of properties		4,716,405	9,041,851
Amounts due to related companies	29	507,848	838,710
Short term loans	35	—	543,038
Current portion of long term borrowings	32	14,197,174	5,501,711
Amounts due to non-controlling interests	36	102,756	103,192
Taxes payable	37	4,654,828	3,497,028
		31,129,210	26,345,382
Total liabilities		59,607,477	60,142,668
Total equity and liabilities		120,926,131	117,846,297
Net current assets		27,884,723	35,206,973
Total assets less current liabilities		89,796,921	91,500,915

Dr Cheng Kar-shun, Henry
Director

Mr Cheng Kar-shing, Peter
Director

STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	2014 HK\$'000	2013 HK\$'000
ASSETS			
Non-current asset			
Subsidiaries	20	40,751,213	38,098,364
Current assets			
Prepayments, debtors and other receivables	28	16,489	16,820
Amounts due from related companies	29	435,602	694,864
Cash and bank balances, unrestricted	25	5,241,629	8,317,940
		5,693,720	9,029,624
Total assets		46,444,933	47,127,988
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	30	868,335	866,360
Reserves	31	27,382,861	27,374,946
Proposed final dividend	31	260,547	346,686
Total equity		28,511,743	28,587,992
LIABILITIES			
Non-current liability			
Long term borrowings	32	10,860,351	17,802,429
Current liabilities			
Creditors and accruals	34	188,222	191,684
Amounts due to related companies	29	27	3,000
Current portion of long term borrowings	32	6,823,029	496,227
Taxes payable	37	61,561	46,656
		7,072,839	737,567
Total liabilities		17,933,190	18,539,996
Total equity and liabilities		46,444,933	47,127,988
Net current (liabilities)/assets		(1,379,119)	8,292,057
Total assets less current liabilities		39,372,094	46,390,421

Dr Cheng Kar-shun, Henry
Director

Mr Cheng Kar-shing, Peter
Director

CONSOLIDATED

CASH FLOW STATEMENT

For the year ended 30 June 2014

	Note	2014 HK\$'000	2013 HK\$'000
Operating activities			
Net cash generated from operations	41(a)	3,733,208	3,510,452
Tax paid		(2,487,383)	(2,644,457)
Net cash from operating activities		1,245,825	865,995
Investing activities			
Interest received		244,074	267,560
Dividend income from an available-for-sale financial asset		1,738	—
Additions to property, plant and equipment, land use rights and investment properties		(2,569,492)	(1,630,088)
Increase in investments in associated companies and joint ventures		(2,435,255)	(1,047,467)
Decrease in investments in associated companies and joint ventures		549,018	352,924
Acquisition of subsidiaries	41(b)	(364,223)	(6,960)
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, land use rights and investment properties		500,892	441,306
Net cash used in investing activities		(4,046,284)	(1,622,725)
Financing activities			
Interest paid		(1,060,961)	(999,259)
Increase in long term borrowings		9,006,059	10,853,750
Repayment of long term borrowings		(5,543,262)	(3,269,640)
Capital contribution from non-controlling interests		132,758	224,522
Issue of shares		59,320	24,835
(Decrease)/increase in short term loans		(253,846)	265,823
Repayment on advance from participating interest		(523,611)	—
Dividends paid		(694,027)	(606,289)
Dividends paid to non-controlling interests		(23,560)	—
Net cash from financing activities		1,098,870	6,493,742
Net (decrease)/increase in cash and cash equivalents		(1,701,589)	5,737,012
Cash and cash equivalents at beginning of the year		19,337,202	13,257,612
Exchange differences on cash and cash equivalents		(284,018)	342,578
Cash and cash equivalents at end of the year		17,351,595	19,337,202
Analysis of cash and cash equivalents			
Unrestricted cash and bank balances	25	17,351,595	19,337,202

CONSOLIDATED

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	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 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 companies 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					
Issue 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

	Attributable to equity holders of the Company			Non- controlling interests	Total equity
	Share capital HK\$'000	Reserves HK\$'000	Shareholders' funds HK\$'000	HK\$'000	HK\$'000
Balance at 1 July 2012	864,979	47,886,994	48,751,973	2,973,143	51,725,116
Translation differences	—	1,418,487	1,418,487	17,244	1,435,731
Share of other comprehensive income of associated companies and joint ventures	—	125,987	125,987	—	125,987
Other comprehensive income for the year	—	1,544,474	1,544,474	17,244	1,561,718
Profit for the year	—	4,616,314	4,616,314	239,042	4,855,356
Total comprehensive income for the year	—	6,160,788	6,160,788	256,286	6,417,074
Transactions with owners					
Contribution by and distribution to owners					
Issues of shares	1,381	23,454	24,835	—	24,835
Capital contribution from non-controlling interests	—	—	—	128,687	128,687
Share-based payments	—	14,206	14,206	—	14,206
Dividends paid	—	(606,289)	(606,289)	—	(606,289)
	1,381	(568,629)	(567,248)	128,687	(438,561)
Change in ownership interests in a subsidiary					
Acquisition of additional interests in a subsidiary	—	3,233	3,233	(3,233)	—
Total transactions with owners	1,381	(565,396)	(564,015)	125,454	(438,561)
Balance at 30 June 2013	866,360	53,482,386	54,348,746	3,354,883	57,703,629

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, Uglund 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.

These financial statements have been approved for issue by the Board of Directors on 23 September 2014.

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”). 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 new or revised standards and amendments to standards

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

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

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

HKFRS 10, "Consolidated financial statements". Under HKFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

HKFRS 12, "Disclosure of Interests in Other Entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

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

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

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

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

Effective for the year ending 30 June 2015:

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

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION *(Continued)*

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

Effective for the year ending 30 June 2016 or after:

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(a) Consolidation *(Continued)*

(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.

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

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

(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 net investment in associated companies.

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

NOTES TO THE FINANCIAL STATEMENTS

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Intangible assets *(Continued)*

(ii) Trademarks

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

(iii) Hotel management contracts

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

(iv) Customer relationships

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

(v) Process, technology and know-how

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

(c) Non-current assets reclassified as held for sale

Non-current assets 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.

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

(ii) Depreciation

No depreciation is provided on assets under construction 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 to sell and value in use. For the purpose of assessing impairment, assets are grouped as cash-generating units for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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

(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) Convertible bonds

(i) Convertible bonds with equity component

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

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

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

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

(ii) Convertible bonds without equity component

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

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

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

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

(y) 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.

NOTES TO THE FINANCIAL STATEMENTS

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(y) Employee benefits *(Continued)*

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

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

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

(z) 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.

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.

(aa) 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.

(ab) 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.

NOTES TO THE FINANCIAL STATEMENTS

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(ab) Revenue recognition *(Continued)*

(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.

(ac) 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.

(ad) Insurance contracts

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

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

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION

The Group conducts its operation in the PRC and accordingly is subject to special consideration and risk exposure under 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 2014, the Group's entities with functional currency of Renminbi had net monetary liabilities denominated in Hong Kong dollar of HK\$13,412,391,000 (2013: HK\$12,108,002,000) and net monetary assets denominated in United States dollar of HK\$1,028,871,000 (2013: HK\$2,753,179,000) 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\$619,176,000 (2013: HK\$467,741,000) 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 and amounts due from joint ventures. 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.

NOTES TO THE FINANCIAL STATEMENTS

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

(a) Market risk *(Continued)*

(ii) Interest rate risk (Continued)

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\$8,262,000 (2013: HK\$26,450,000) 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, associated companies and joint ventures. 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 mainly include receivables from sale and lease of properties and other services. The Group and the Company carry out regular review and follow-up action on any overdue amounts to minimise exposures to credit risk. There is no concentration of credit risk with respect to trade receivables from third party customers as there are a large number of customers.

In addition, the Group and the Company monitor the exposure to credit risk in respect of the financial assistance provided to subsidiaries, associated companies and 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 2014, no provision has been made in the financial statements (2013: Nil).

(c) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash, and ensuring the availability of funding from an adequate amount of committed credit facilities. It is the policy of the Group and the Company to regularly monitor current and expected liquidity requirements and to ensure that adequate funding is available for operating, investing and financing activities. The Group and the Company also maintain undrawn committed credit facilities to further reduce liquidity risk in meeting funding requirements. At 30 June 2014, the Group's unutilised committed bank loan facilities amounted to HK\$3,002 million (2013: HK\$3,424 million).

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

Group

	Carrying amount HK\$'000	Total contractual undiscounted cashflow HK\$'000	Within 1 year HK\$'000	Over 1 year but within 5 years HK\$'000	After 5 years HK\$'000
At 30 June 2014					
Creditors and accruals	6,682,667	6,682,667	5,854,144	819,326	9,197
Amounts due to associated companies 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
At 30 June 2013					
Creditors and accruals	6,598,601	6,598,601	5,744,956	802,566	51,079
Amounts due to joint ventures	771,577	771,577	771,577	—	—
Amounts due to group companies	63,111	63,111	63,111	—	—
Amounts due to companies owned by a director	4,022	4,022	4,022	—	—
Amounts due to non- controlling interests	103,192	103,192	103,192	—	—
Short term loans	543,038	564,998	564,998	—	—
Long term borrowings	36,459,292	42,311,929	7,098,711	31,617,218	3,596,000

NOTES TO THE FINANCIAL STATEMENTS

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

(c) Liquidity risk *(Continued)*

Company

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

(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 companies to meet their funding needs in order to provide more cost-efficient financing. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue or repurchase shares, raise new debt financing or sell assets to reduce debt.

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

The gearing ratios at 30 June 2014 and 2013 were as follows:

	2014 HK\$'000	2013 HK\$'000
Consolidated total borrowings	39,423,209	37,002,330
Less: cash and bank balances	(17,351,595)	(19,337,202)
Consolidated net debt	22,071,614	17,665,128
Total equity	61,318,654	57,703,629
Gearing ratio	36.0%	30.6%

The increase in gearing ratio at 30 June 2014 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.

(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 2014 and 30 June 2013.

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 2014 and 30 June 2013.

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 2014 and 2013:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2014				
Unlisted investment classified as available-for-sale financial assets	—	—	85,147	85,147
At 30 June 2013				
Unlisted investment classified as available-for-sale financial assets	—	—	108,457	108,457

NOTES TO THE FINANCIAL STATEMENTS

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

(e) Fair value estimation *(Continued)*

The following table presents the changes in level 3 instruments for the year ended 30 June 2014 and 2013:

	Available-for-sale financial assets	
	2014 HK\$'000	2013 HK\$'000
At beginning of the year	108,457	108,457
Disposals	(23,310)	—
At end of the year	85,147	108,457

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

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

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

(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 of property, plant and equipment and intangible assets

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

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

The Group regularly reviews whether there are any indications of impairment and recognises an impairment loss if the carrying amount of an asset is lower than its recoverable amount. The Group tests annually for impairment for those intangible assets that have an indefinite useful life, i.e. goodwill and trademarks as stated in note 19. The recoverable amounts have been determined based on the higher of the fair value less costs to sell and value in use calculations. These calculations require the use of estimates, such as discount rates, future profitability and growth rates. The details of estimates used are disclosed in note 19.

NOTES TO THE FINANCIAL STATEMENTS

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

(f) 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, loans and receivables are impaired. It recognises impairment based on estimates of the extent and timing of future cash flows using applicable discount rates. The final outcome of the recoverability and cash flows of these prepayments and receivables will impact the amount of impairment required.

(g) 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, hotel management services fee income and contracting services income.

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

6. REVENUES AND SEGMENT INFORMATION (Continued)

Year ended 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 revenues							
Company and subsidiaries							
Total revenues	19,800,599	819,576	352,538	546,971	553,578	482,409	22,555,671
Inter-segment revenues	—	(26,708)	—	(121,972)	(23,829)	(3,307)	(175,816)
External revenues	19,800,599	792,868	352,538	424,999	529,749	479,102	22,379,855
Associated companies and joint ventures — attributable to the Group	2,216,784	469,967	137,708	99,909	—	—	2,924,368
	22,017,383	1,262,835	490,246	524,908	529,749	479,102	25,304,223
Segment bank and other interest income	100,013	36,263	560	2,213	4,138	1,165	144,352
AOP before finance costs and after taxation charge							
Company and subsidiaries	4,341,404	351,091	(87,039)	(110,568)	36,280	(79,290)	4,451,878
Associated companies and joint ventures	660,859	192,015	(151,291)	(9,749)	—	8,457	700,291
	5,002,263	543,106	(238,330)	(120,317)	36,280	(70,833)	5,152,169
Additions to non-current assets other than financial instruments	5,079,625	1,236,445	1,008,981	4,612	144,779	242,037	7,716,479
Depreciation and amortisation	62,607	4,613	148,885	3,022	59,781	952	279,860
Impairment of intangible assets	—	—	—	—	125,892	—	125,892
Share of results of associated companies and joint ventures	232,397	401,612	(162,623)	(9,627)	—	518	462,277
As at 30 June 2014							
Segment assets	69,317,012	24,167,715	3,582,728	298,750	2,088,058	1,017,234	100,471,497
Associated companies and joint ventures	5,486,368	8,573,634	266,144	(22,170)	2,992	2,176	14,309,144
Available-for-sale financial assets							85,147
Property, plant and equipment at corporate office							5,587
Prepayments, debtors and other receivables at corporate office							124,398
Amounts due from related companies at corporate office							435,172
Cash and bank balances at corporate office							5,495,186
Total assets							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

NOTES TO THE FINANCIAL STATEMENTS

6. REVENUES AND SEGMENT INFORMATION *(Continued)*

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

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

7. OTHER INCOME

	2014 HK\$'000	2013 HK\$'000
Tax indemnity from the ultimate holding company (note 13)	1,075,306	617,208
Bank and other interest income	244,831	264,806
Interest income from joint ventures, net of withholding tax (note)	41,847	128,102
Dividend income from an available-for-sale financial asset	1,738	—
Trademark fee income from joint ventures	—	21,177
	1,363,722	1,031,293

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

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

8. OTHER (LOSSES)/GAINS, NET

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

NOTES TO THE FINANCIAL STATEMENTS

9. OPERATING PROFIT BEFORE FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Operating profit before finance costs is arrived at after crediting:		
Gross rental income from investment properties	745,152	683,416
Gain on disposal of property, plant and equipment and land use rights	12,543	309,407
Gain on disposal of investment properties	105,074	—
and after charging:		
Cost of properties sold	11,107,940	8,035,776
Staff costs (note 11)	638,565	518,149
Depreciation of property, plant and equipment	205,280	185,021
Outgoings in respect of investment properties	305,662	279,762
Rental for leased premises	47,821	45,229
Loss on disposal of investment properties	—	4,218
Amortisation of land use rights	20,153	20,703
Amortisation of intangible assets	54,427	52,536
Auditors' remuneration	14,337	14,012

Contingent rent included in revenue amounted to HK\$30,393,000 (2013: HK\$34,005,000) for the year.

	2014 HK\$'000	2013 HK\$'000
The future minimum rental receivable under non-cancellable operating leases are as follows:		
Within one year	535,590	444,416
Between two and five years	791,607	810,277
Beyond five years	687,440	757,660
	2,014,637	2,012,353

Generally the Group's operating leases are for terms of two to five years except for 48 (2013: 33) long term leases which are beyond five years.

10. FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Interest on bank borrowings		
— wholly repayable within five years	1,226,017	1,062,443
— not wholly repayable within five years	108,137	96,412
Interest on loans from fellow subsidiaries wholly repayable within five years	8,550	8,799
Interest on loans from non-controlling interests not wholly repayable within five years	1,898	1,808
Interest on fixed rate bonds wholly repayable within five years	651,598	541,896
Interest on short term loans	20,300	26,119
Interest on advances from participating interest	110,988	126,423
	2,127,488	1,863,900
Amounts capitalised in property, plant and equipment, investment properties and properties held for/under development	(1,785,563)	(1,449,644)
	341,925	414,256

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 4.28% (2013: 4.16%) for the year.

11. STAFF COSTS

	2014 HK\$'000	2013 HK\$'000
Wages, salaries and other benefits	615,809	494,889
Pension costs — defined contribution plans (note)	9,836	9,054
Share-based payments	12,920	14,206
	638,565	518,149

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

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

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

The assets of all retirement schemes are held separately from those of the Group in independently administered funds. The total pension costs charged to the consolidated income statement for the year amounted to HK\$9,836,000 (2013: HK\$9,054,000).

NOTES TO THE FINANCIAL STATEMENTS

12. DIRECTORS' AND SENIOR MANAGEMENT REMUNERATION

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

Name of director	Fees HK\$'000	Other emoluments HK\$'000	Retirement benefits HK\$'000	Share option benefits HK\$'000	Total HK\$'000
For the year ended 30 June 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
For the year ended 30 June 2013					
Dr Cheng Kar-shun, Henry	180	—	—	450	630
Mr Doo Wai-hoi, William	120	—	—	180	300
Mr Cheng Kar-shing, Peter	180	—	—	180	360
Mr Cheng Chi-kong, Adrian	180	2,298	148	337	2,963
Ms Cheng Chi-man, Sonia	180	3,840	155	9	4,184
Mr Cheng Chi-him, Conrad	180	1,364	59	—	1,603
Mr Chow Yu-chun, Alexander	60	—	—	112	172
Mr Fong Shing-kwong, Michael	180	1,838	78	113	2,209
Ms Ngan Man-ying, Lynda	180	6,552	507	225	7,464
Dr Cheng Wai-chee, Christopher	300	—	—	67	367
Hon Tien Pei-chun, James	260	—	—	67	327
Mr Lee Luen-wai, John	260	—	—	67	327
Mr Ip Yuk-keung, Albert	130	—	—	—	130
	2,390	15,892	947	1,807	21,036

- (ii) The five individuals whose emoluments were the highest in the Group for the year include one (2013: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2013: four) individuals during the year are as follows:

	2014 HK\$'000	2013 HK\$'000
Salaries, discretionary bonus, other allowances and other benefits in kind	26,343	23,028
Share option benefits	596	701
Contribution to retirement benefit scheme	1,429	1,190
	28,368	24,919

The emoluments fall within the following bands:

	Number of individuals	
	2014	2013
HK\$4,500,001 – HK\$5,000,000	—	1
HK\$5,000,001 – HK\$5,500,000	1	—
HK\$5,500,001 – HK\$6,000,000	—	1
HK\$6,000,001 – HK\$6,500,000	1	—
HK\$6,500,001 – HK\$7,000,000	—	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	—
	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	
	2014	2013
HK\$1,000,001 – HK\$1,500,000	—	1
HK\$1,500,001 – HK\$2,000,000	1	1
HK\$2,000,001 – HK\$2,500,000	1	5
HK\$2,500,001 – HK\$3,000,000	4	2
HK\$3,000,001 – HK\$3,500,000	2	—
HK\$4,000,001 – HK\$4,500,000	1	1
HK\$4,500,001 – HK\$5,000,000	—	1
	9	11

NOTES TO THE FINANCIAL STATEMENTS

13. TAXATION CHARGE

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

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

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:

	2014 HK\$'000	2013 HK\$'000
Profit before taxation	8,944,504	7,906,897
Share of results of associated companies and joint ventures	(462,277)	(964,636)
	8,482,227	6,942,261
Calculated at a taxation rate of 25% (2013: 25%)	2,120,557	1,735,565
Income not subject to taxation	(533,573)	(494,498)
Expenses not deductible for taxation purposes	434,720	430,433
Tax losses not recognised	123,386	128,641
Deduction from PRC land appreciation tax	(612,250)	(367,011)
Utilisation of previously unrecognised tax losses	(28,690)	(725)
Temporary differences not recognised	3,342	(4,749)
Recognition of temporary differences	14,177	4,282
Deferred taxation on undistributed profits	174,570	151,561
	1,696,239	1,583,499
PRC land appreciation tax	2,449,000	1,468,042
	4,145,239	3,051,541

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

In July 1999, a deed of tax indemnity was entered into between NWD, the ultimate holding company, and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of, inter alia, certain PRC CIT and LAT payable in consequence of the disposal of certain properties held by the Group as at 31 March 1999. During the year, tax indemnity amounting to HK\$1,075,306,000 (2013: HK\$617,208,000) 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:

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

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

15. DIVIDENDS

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

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

NOTES TO THE FINANCIAL STATEMENTS

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Other properties HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Assets under construction HK\$'000	Total HK\$'000
Cost						
At 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 subsidiaries	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

	Other properties HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Assets under construction HK\$'000	Total HK\$'000
Cost						
At 1 July 2012	2,049,040	328,799	773,255	87,436	1,050,842	4,289,372
Translation differences	78,291	11,680	27,718	3,706	38,927	160,322
Acquisition of a subsidiary	—	—	5,770	—	—	5,770
Additions	—	8,038	41,754	9,167	792,119	851,078
Reclassification	112,808	—	—	—	(112,808)	—
Transfer from properties under development	5,386	—	—	—	—	5,386
Disposals/write off	(124,854)	(2,422)	(189,841)	(12,475)	—	(329,592)
At 30 June 2013	2,120,671	346,095	658,656	87,834	1,769,080	4,982,336
Accumulated depreciation and impairment						
At 1 July 2012	668,328	312,725	590,446	57,462	—	1,628,961
Translation differences	26,909	11,478	22,609	1,825	—	62,821
Charge for the year	124,532	9,719	41,365	9,405	—	185,021
Disposals/write off	(124,200)	(2,422)	(187,989)	(9,973)	—	(324,584)
At 30 June 2013	695,569	331,500	466,431	58,719	—	1,552,219
Net book value						
At 30 June 2013	1,425,102	14,595	192,225	29,115	1,769,080	3,430,117

As at 30 June 2014, certain other properties and furniture, fixtures and equipment with carrying amount of HK\$1,382,166,000 (2013: HK\$395,817,000) were pledged as securities for the Group's long term borrowings.

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENT PROPERTIES

	Group	
	2014 HK\$'000	2013 HK\$'000
Completed investment properties	18,452,717	16,771,879
Investment properties under development	3,518,875	3,156,362
	21,971,592	19,928,241

	Completed investment properties HK\$'000	Investment properties under development HK\$'000	Total HK\$'000
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
At 1 July 2012	14,801,975	2,363,049	17,165,024
Translation differences	572,241	88,852	661,093
Additions	71,195	715,878	787,073
Transfer from properties under development	—	379,721	379,721
Transfer from completed properties held for sale	376,124	—	376,124
Disposals	(64,589)	—	(64,589)
Changes in fair value	650,692	(26,897)	623,795
Reclassification	364,241	(364,241)	—
At 30 June 2013	16,771,879	3,156,362	19,928,241

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 2014 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 have reference to recent lettings, within 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 2014, 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.

NOTES TO THE FINANCIAL STATEMENTS

17 INVESTMENT PROPERTIES (Continued)

Valuation techniques (Continued)

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

	2014 HK\$'000	2013 HK\$'000
Leases of over 50 years	1,071,403	964,082
Leases of between 10 and 50 years	20,900,189	18,964,159
	21,971,592	19,928,241

As at 30 June 2014, certain investment properties with carrying value of HK\$5,448,689,000 (2013: HK\$5,400,318,000) were pledged as securities for the Group's long term borrowings.

Information about fair value measurements using significant unobservable inputs:

	2014 Fair value HK\$'000	Valuation technique	Range of significant unobservable inputs	
			Prevailing market rents per month	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			

	Range of significant unobservable inputs				
	2014 Fair value HK\$'000	Valuation technique	Unit price	Estimated costs to completion	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 2014 HK\$'000	2013 HK\$'000
At beginning of the year	621,096	679,009
Translation differences	(7,472)	25,394
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	—
Disposals	—	(62,604)
Amortisation	(20,153)	(20,703)
At end of the year	703,901	621,096

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

	2014 HK\$'000	2013 HK\$'000
Leases of over 50 years	1,322	1,382
Leases of between 10 and 50 years	702,579	619,714
	703,901	621,096

As at 30 June 2014, land use rights with carrying amount of HK\$256,165,000 (2013: HK\$238,343,000) were pledged as securities for the Group's long term borrowings.

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 2012							
Cost	559,227	614,865	428,063	38,916	544,817	—	2,185,888
Accumulated amortisation	—	—	(19,620)	(3,567)	(24,971)	—	(48,158)
Accumulated impairment	(212,589)	—	—	—	—	—	(212,589)
Net book value	346,638	614,865	408,443	35,349	519,846	—	1,925,141
Year ended 30 June 2013							
Opening net book value	346,638	614,865	408,443	35,349	519,846	—	1,925,141
Acquisition of a subsidiary	—	—	—	—	—	67,636	67,636
Amortisation	—	—	(21,403)	(3,892)	(27,241)	—	(52,536)
Closing net book value	346,638	614,865	387,040	31,457	492,605	67,636	1,940,241
At 30 June 2013							
Cost	559,227	614,865	428,063	38,916	544,817	67,636	2,253,524
Accumulated amortisation	—	—	(41,023)	(7,459)	(52,212)	—	(100,694)
Accumulated impairment	(212,589)	—	—	—	—	—	(212,589)
Net book value	346,638	614,865	387,040	31,457	492,605	67,636	1,940,241
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

Goodwill is allocated to the Group's cash generating units identified according to business segment. As at 30 June 2014, goodwill of HK\$14,227,000 (2013: HK\$14,227,000), HK\$9,167,000 (2013: HK\$9,167,000) and HK\$245,147,000 (2013: HK\$323,244,000) is allocated to the segments of property sales, hotel operation and hotel management services respectively. Amortisation of intangible assets of HK\$54,427,000 (2013: HK\$52,536,000) is included in the administrative and other operating expenses in the consolidated income statement.

For the purpose of impairment test, the recoverable amount of the business unit is determined based on value-in-use calculations, which 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% (2013: 3% to 4%) 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 5.1% to 7.5% (2013: 6.5% to 9.2%).

For the segment of hotel management services, the key assumptions adopted on growth rates and discount rates used in the value-in-use calculations are based on management best estimates. A financial budget of five-year with growth rate ranging from 23% to 83% (2013: 15% to 84%) are determined by considering both internal and external factors relating to the relevant segment and the hotel management contracts in pipeline. Cash flows beyond the five-year period are extrapolated using the estimated growth rates of 3% (2013: 3%). Discount rate used also reflects specific risks relating to the relevant segment, which was 18.2% (2013: 19.1%).

20. SUBSIDIARIES

	Company	
	2014 HK\$'000	2013 HK\$'000
Unlisted shares, at cost of HK\$4 (2013: HK\$4)	—	—
Amounts due by subsidiaries, net of provision	40,751,213	38,098,364
	40,751,213	38,098,364

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

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

Details of principal subsidiaries are given in note 43.

NOTES TO THE FINANCIAL STATEMENTS

21. PROPERTIES HELD FOR DEVELOPMENT

	Group	
	2014	2013
	HK\$'000	HK\$'000
Land use rights	9,022,435	8,189,595
Development and incidental costs	8,215,005	8,513,690
Interest capitalised	945,135	647,562
	18,182,575	17,350,847

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

	2014	2013
	HK\$'000	HK\$'000
Leases of over 50 years	7,146,424	6,703,236
Leases of between 10 and 50 years	1,876,011	1,486,359
	9,022,435	8,189,595

As at 30 June 2014, the aggregate carrying value of properties held for development pledged as securities for long term borrowings amounted to HK\$923,335,000 (2013: HK\$813,670,000).

22. ASSOCIATED COMPANIES AND JOINT VENTURES

	Group	
	2014 HK\$'000	Restated 2013 HK\$'000
Associated companies		
Group's share of net assets	(645)	31,630
Amounts due by associated companies		
Non-interest bearing (note i)	(2,702)	(2,743)
	(3,347)	28,887
Equity joint ventures		
Group's share of net assets	(96,148)	19,459
Amounts due by joint ventures		
Non-interest bearing (note i)	2,083,113	1,542,728
	1,986,965	1,562,187
Joint ventures in wholly foreign owned enterprises		
Group's share of net assets	2,387,348	2,282,505
Amounts due by joint ventures		
Interest bearing (note ii)	30,310	—
Non-interest bearing (note i)	110,246	140,470
	2,527,904	2,422,975
Co-operative joint ventures		
Cost of investments	3,979,009	3,979,039
Goodwill	12,704	12,704
Share of undistributed post-acquisition results and reserves	2,001,193	1,709,672
	5,992,906	5,701,415
Amounts due by joint ventures, net of provision		
Interest bearing (note iii)	2,035,089	1,885,782
Non-interest bearing (note i)	701,450	536,288
	8,729,445	8,123,485
Joint venture companies limited by shares		
Group's share of net assets	121,603	282,903
Amounts due by joint ventures, net of provision		
Interest bearing (note ii)	88,818	88,818
Non-interest bearing (note i)	237,131	405,688
	447,552	777,409
Deposit for proposed joint venture (noted iv)	620,625	—
	14,309,144	12,914,943

NOTES TO THE FINANCIAL STATEMENTS

22. ASSOCIATED COMPANIES AND JOINT VENTURES (Continued)

Notes:

- (i) The amounts receivable are unsecured, interest free and have repayment terms as specified in the joint venture contracts.
- (ii) The amounts receivable are unsecured, carry interest ranging from PRC bank rate to 10% (2013: PRC bank rate to 10%) per annum and have repayment terms as specified in the joint venture contracts.
- (iii) The amounts receivable are unsecured, carry interest ranging from Hong Kong prime rate to 10% (2013: Hong Kong prime rate to 10%) per annum and have repayment terms as specified in the joint venture contracts.
- (iv) The balance represents payments on account of proposed joint venture for which registration of the joint venture is pending for approval from the relevant government authorities. Upon the completion of registration of the joint venture, the relevant amount will be classified to joint venture balance.
- (v) There is no associated company or joint venture that is individually significant to the Group. The Group's share of results of the associated companies and joint ventures are as follows:

	2014 HK\$'000	2013 HK\$'000
Profit for the year	462,277	964,636
Other comprehensive income for the year	(83,077)	125,987
Total comprehensive income for the year	379,200	1,090,623

- (vi) Details of principal joint ventures are given in note 43.
- (vii) On adoption of HKFRS 11, the Group reclassified an investment previously classified as interests in associated companies to interests in joint ventures in accordance with the requirements of HKFRS 11. Other than the change in classification, this investment continues to be accounted for using the equity method of accounting. As a result, the comparative information has been restated to reflect the retrospective application of this change in classification. As at 30 June 2012, the restated balances are as follows:

	2012 HK\$'000
Associated companies	
Group's share of net assets	26,758
Amounts due by associated companies	
Non-interest bearing	(2,749)
	24,009
Equity joint ventures	
Group's share of net assets	(10,010)
Amounts due by joint ventures	
Non-interest bearing	499,247
	489,237
	513,246

23. NON-CURRENT ASSETS RECLASSIFIED AS HELD FOR SALE

During the year, the Group entered into agreements 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 are expected to be completed during the year ending 30 June 2015.

24. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2014	2013
	HK\$'000	HK\$'000
Unlisted investments, at fair value	85,147	108,457

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

	Group	
	2014	2013
	HK\$'000	HK\$'000
United States dollar	—	23,310
Renminbi	85,147	85,147
	85,147	108,457

25. CASH AND BANK BALANCES

	Group		Company	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unrestricted balances	17,351,595	19,337,202	5,241,629	8,317,940

The effective interest rate on short term bank deposits was ranging from 0.001% to 3.6% (2013: 0.001% to 5.5%). These deposits have maturity date ranging from 2 to 92 days (2013: 4 to 91 days).

NOTES TO THE FINANCIAL STATEMENTS

25. CASH AND BANK BALANCES *(Continued)*

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

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong dollar	2,450,850	2,821,666	2,172,631	2,541,688
Renminbi	13,730,931	13,330,746	3,067,340	3,670,380
United States dollar	1,166,750	3,179,301	1,658	2,105,872
Others	3,064	5,489	—	—
	17,351,595	19,337,202	5,241,629	8,317,940

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.

26. PROPERTIES UNDER DEVELOPMENT

	Group	
	2014 HK\$'000	2013 HK\$'000
Land use rights	5,731,282	4,264,057
Development and incidental costs	13,751,847	15,178,502
Interest capitalised	1,607,981	1,006,454
	21,091,110	20,449,013

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

	2014 HK\$'000	2013 HK\$'000
Leases of over 50 years	3,284,728	2,923,427
Leases of between 10 and 50 years	2,446,554	1,340,630
	5,731,282	4,264,057

Properties under development with an aggregate carrying value of HK\$4,377,720,000 (2013: HK\$4,315,781,000) were pledged as securities for the Group's long term borrowings.

	Group	
	2014	2013
	HK\$'000	HK\$'000
Properties under development for sale:		
Expected to be completed and available for sale after more than 12 months	9,195,582	10,595,002
Expected to be completed and available for sale within 12 months	11,895,528	9,854,011
	21,091,110	20,449,013

27. COMPLETED PROPERTIES HELD FOR SALE

	Group	
	2014	2013
	HK\$'000	HK\$'000
Land use rights	795,190	848,425
Development costs	7,762,144	5,905,207
Interest capitalised	419,812	339,642
	8,977,146	7,093,274

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:

	2014	2013
	HK\$'000	HK\$'000
Leases of over 50 years	498,700	805,745
Leases of between 10 and 50 years	296,490	42,680
	795,190	848,425

NOTES TO THE FINANCIAL STATEMENTS

28. PREPAYMENTS, DEBTORS AND OTHER RECEIVABLES

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Trade debtors (note a)	2,923,518	1,951,395	—	—
Prepaid land preparatory cost (note b)	2,019,803	3,173,740	—	—
Deposits for purchase of land (note b)	2,999,245	5,476,893	—	—
Prepayment for proposed development projects (note b)	187,375	188,481	—	—
Prepaid taxes (note b)	1,266,578	1,623,684	—	—
Other prepayments, deposits and receivables (note b)	1,485,398	1,402,897	16,489	16,820
	10,881,917	13,817,090	16,489	16,820

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

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 2014, trade debtors of HK\$2,236,695,000 (2013: HK\$1,456,548,000) 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	
	2014 HK\$'000	2013 HK\$'000
0 to 30 days	1,161,860	594,819
31 to 60 days	134,878	110,016
61 to 90 days	164,840	92,602
Over 90 days	775,117	659,111
	2,236,695	1,456,548

- (d) During the year, impairment loss on trade debtors of HK\$4,918,000 (2013: HK\$13,960,000) was recognised in the consolidated income statement.
- (e) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

29. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

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

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Amounts due from group companies (note a)	527,381	801,238	435,602	694,825
Amounts due from joint ventures (note b)	49,644	49,987	—	39
	577,025	851,225	435,602	694,864
Amounts due to group companies (note c)	(135,962)	(63,111)	—	(3,000)
Amounts due to joint ventures (note d)	(369,217)	(771,577)	(27)	—
Amounts due to companies owned by a director (note e)	(2,669)	(4,022)	—	—
	(507,848)	(838,710)	(27)	(3,000)
	69,177	12,515	435,575	691,864

NOTES TO THE FINANCIAL STATEMENTS

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

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	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong dollar	484,628	708,910	435,602	694,825
Renminbi	42,753	92,328	—	—
	527,381	801,238	435,602	694,825

- (b) For interest free amounts due from joint ventures, they are unsecured and repayable on demand. For interest bearing amounts due from a joint venture, it is unsecured, carry interest at 10% (2013: 10%) per annum and repayable on demand.

The carrying amounts of amounts due from joint ventures are denominated in the following currencies:

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Interest free				
Hong Kong dollar	—	—	—	39
United States dollar	19,334	19,677	—	—
Interest bearing				
United States dollar	30,310	30,310	—	—
	49,644	49,987	—	39

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

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

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong dollar	—	—	—	(3,000)
Renminbi	(135,962)	(63,111)	—	—
	(135,962)	(63,111)	—	(3,000)

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

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

30. SHARE CAPITAL

	Company	
	2014 HK\$'000	2013 HK\$'000
Authorised: 30,000,000,000 shares of HK\$0.1 each	3,000,000	3,000,000
Issued and fully paid: 8,683,350,475 (2013: 8,663,596,817) shares of HK\$0.1 each	868,335	866,360

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 2012	8,649,792,519	864,979
Exercise of share options (note)	13,804,298	1,381
At 30 June 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

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 2014 are as follows:

NOTES TO THE FINANCIAL STATEMENTS

30. SHARE CAPITAL (Continued)

Note: (Continued)

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

Date of offer to grant	Exercise price per share HK\$	Number of share options			Number of share options exercisable	
		At 1 July 2013	Exercised during the year	Lapsed during the year	At 30 June 2014	At 30 June 2014
31 July 2008	3.148 ¹	68,369	(26,052)	(42,317)	—	—
12 November 2008	1.447 ¹	140,933	(140,933)	—	—	—
2 December 2008	1.290 ¹	844,339	(844,339)	—	—	—
3 February 2009	1.703 ¹	165,850	(165,850)	—	—	—
26 June 2009	3.913 ¹	3,130,605	(2,501,753)	(116,301)	512,551	512,551
19 November 2009	2.953 ¹	1,996,493	(1,889,584)	(103,896)	3,013	3,013
12 January 2010	2.878 ¹	2,749,325	(2,610,463)	(77,381)	61,481	61,481
18 May 2010	2.262 ¹	327,750	(206,010)	—	121,740	121,740
31 May 2010	2.349 ¹	476,597	(267,117)	—	209,480	1,688
10 November 2010	3.013 ¹	2,328,805	(1,468,853)	(166,815)	693,137	326,592
18 January 2011	3.036 ¹	13,331,221	(3,110,121)	(395,134)	9,825,966	7,255,949
3 May 2011	2.753 ¹	868,530	(409,393)	(459,137)	—	—
26 July 2011	2.705 ¹	1,447,662	(714,420)	—	733,242	79,779
		27,876,479	(14,354,888)	(1,360,981)	12,160,610	8,362,793
Weighted average exercise price of each category (HK\$)		2.996	2.965	3.001	3.031	3.073

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

Date of offer to grant	Exercise price per share HK\$	Number of share options			Number of share options exercisable		
		At 1 July 2013	Granted during the year	Exercised during the year	Lapsed during the year	At 30 June 2014	At 30 June 2014
3 May 2012	2.450 ¹	7,246,680	—	(2,630,200)	(544,800)	4,071,680	1,229,440
22 October 2012	3.370 ¹	722,000	—	(273,300)	—	448,700	15,500
7 January 2013	3.880 ¹	5,378,700	—	(1,244,600)	(310,000)	3,824,100	782,880
2 April 2013	3.350 ¹	2,156,000	—	(222,010)	—	1,933,990	613,990
24 June 2013	2.762 ¹	1,390,000	—	(221,600)	—	1,168,400	56,400
15 October 2013	4.010 ¹	—	1,900,000	(150,100)	—	1,749,900	229,900
9 January 2014	3.970 ¹	—	4,396,400	(656,960)	—	3,739,440	222,320
		16,893,380	6,296,400	(5,398,770)	(854,800)	16,936,210	3,150,430
Weighted average exercise price of each category (HK\$)		3.085	3.982	3.104	2.969	3.418	3.212

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 determined using the Binomial Model was HK\$9,031,524 (2013: HK\$13,199,800). The significant inputs to the model was share price ranging from HK\$3.97 to HK\$4.01 (2013: HK\$2.7 to HK\$3.88) at the grant dates, exercise prices ranging from HK\$3.97 to HK\$4.01 (2013: HK\$2.762 to HK\$3.88), volatility of the share ranging from 44.49% to 51.49% (2013: 52.93% to 54.70%), expected life of options of 5 years (2013: 5 years), expected dividend yield ranging from 1.24% to 1.89% (2013: 2.03% to 2.63%), risk-free interest rate ranging from 1.19% to 1.51% (2013: 0.34% to 1.27%) and suboptimal exercise factor ranging from 1.91 to 1.93 times (2013: 1.88 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 2014, the weighted average share price at the time of exercise was HK\$4.707 per share (2013: HK\$3.642 per share) and HK\$5.356 per share (2013: HK\$3.656) under the 2002 Share Option Scheme and 2011 Share Option Scheme respectively.

31. RESERVES

Group

	Contributed surplus HK\$'000	Share premium HK\$'000	Other reserve (note) HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1 July 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 paid	(694,027)	—	—	—	—	—	(694,027)
Translation differences							
Company and subsidiaries	—	—	—	—	(555,774)	—	(555,774)
Associated companies 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

NOTES TO THE FINANCIAL STATEMENTS

31. 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 2012	12,507,855	16,193,520	202,237	47,499	4,239,787	14,696,096	47,886,994
Profit for the year	—	—	—	—	—	4,616,314	4,616,314
Premium on issue of shares	—	23,454	—	—	—	—	23,454
Share-based payments	—	—	—	14,206	—	—	14,206
Transfer of reserve upon exercise and lapse of share options	—	7,673	—	(12,075)	—	4,402	—
Acquisition of additional interest in a subsidiary	—	—	—	—	—	3,233	3,233
Dividends paid	(606,289)	—	—	—	—	—	(606,289)
Translation differences							
Company and subsidiaries	—	—	—	—	1,418,487	—	1,418,487
Associated companies and joint ventures	—	—	—	—	125,987	—	125,987
As at 30 June 2013 before proposed final dividend	11,901,566	16,224,647	202,237	49,630	5,784,261	19,320,045	53,482,386
Representing:							
As at 30 June 2013 after proposed final dividend	11,554,880	16,224,647	202,237	49,630	5,784,261	19,320,045	53,135,700
2013 proposed final dividend	346,686	—	—	—	—	—	346,686
	11,901,566	16,224,647	202,237	49,630	5,784,261	19,320,045	53,482,386

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

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\$917,660,000 (2013: loss of HK\$744,082,000).

NOTES TO THE FINANCIAL STATEMENTS

32. LONG TERM BORROWINGS

	Group		Company	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank loans (note i)				
Secured	9,041,936	6,139,885	—	—
Unsecured	16,324,119	15,996,968	3,157,694	3,634,941
Loans from fellow subsidiaries (note ii)	2,637,823	2,629,273	—	—
Loans from non-controlling interests (note iii)	247,789	49,580	—	—
Advances from participating interest (note iv)	1,967,617	2,487,874	5,516,761	5,705,471
Fixed rate bonds (note v)	9,008,925	8,958,244	9,008,925	8,958,244
Other loans				
Secured	70,000	70,886	—	—
Unsecured	125,000	126,582	—	—
	39,423,209	36,459,292	17,683,380	18,298,656
Current portion included in current liabilities	(14,197,174)	(5,501,711)	(6,823,029)	(496,227)
	25,226,035	30,957,581	10,860,351	17,802,429

Notes:

(i) The bank loans are repayable as follows:

	Secured		Group Unsecured		Total		Company Unsecured	
	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	2,756,491	1,075,295	5,950,777	4,376,836	8,707,268	5,452,131	1,496,979	496,227
Between one and two years	2,536,297	1,932,329	5,871,229	5,107,167	8,407,526	7,039,496	1,660,715	1,490,780
Between two and five years	2,347,910	1,642,719	4,326,488	6,208,535	6,674,398	7,851,254	—	1,647,934
After five years	1,401,238	1,489,542	175,625	304,430	1,576,863	1,793,972	—	—
	9,041,936	6,139,885	16,324,119	15,996,968	25,366,055	22,136,853	3,157,694	3,634,941

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

(iii) The loans from non-controlling interests are unsecured, carry interest ranging from 5% to 6.15% (2013: 5%) per annum and have repayment terms as specified in the loan agreement.

(iv) The advances from participating interest of certain property projects are unsecured, interest free and repayable in accordance with the terms as specified in the agreements entered into between the 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 bear interest with a coupon rate of 8.5% per annum, payable semi-annually in arrears on 11 April and 11 October each year. These bonds are listed on The Stock Exchange of Hong Kong Limited. The bonds will be redeemed on the maturity date on 11 April 2015 at the principal amount.

On 6 February 2013, the Company issued 5.5% bonds in the aggregate amounts of RMB3,000 million (equivalent to approximately HK\$3,750 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 areas 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 2014, the fair value of the bonds amounted to RMB7,528.3 million (equivalent to approximately HK\$9,410.4 million) (2013: RMB7,470.0 million (equivalent to approximately HK\$9,455.8 million)).

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

	2014			2013		
	Hong Kong dollar	Renminbi	United States dollar	Hong Kong dollar	Renminbi	United States dollar
Bank loans	2.75%	6.47%	2.88%	2.80%	6.72%	2.92%
Loans from fellow subsidiaries	0.38%	—	0.38%	0.38%	—	0.38%
Loans from non-controlling interests	5.00%	6.15%	—	5.00%	—	—
Advances from participating interest	5.64%	—	—	5.08%	—	—
Fixed rate bonds	—	7.19%	—	—	7.19%	—
Other loans	—	6.47%	—	—	6.47%	—

(vii) The carrying amounts of bank loans, loans from fellow subsidiaries, loans from non-controlling interests and advances from participating interest approximate their fair values. The fair value of fixed rate bonds is calculated using cash flows discounted at the borrowings rates.

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

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong dollar	16,319,506	15,432,325	8,674,455	3,138,715
Renminbi	22,652,238	20,547,945	9,008,925	15,159,941
United States dollar	451,465	479,022	—	—
	39,423,209	36,459,292	17,683,380	18,298,656

(ix) For the interest-bearing borrowings, except for the loans from non-controlling interests of HK\$51,477,000 (2013: HK\$49,580,000) which reprice in more than five years, the rest of the borrowings reprice or mature (whichever is earlier) in one year or less.

NOTES TO THE FINANCIAL STATEMENTS

33. DEFERRED TAX LIABILITIES

Deferred taxation is provided in full, using the liability method, on temporary differences using the prevailing rate of taxation in which the Group operates.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxed levied by the same taxation authority on the taxable entity.

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Group

Deferred tax assets/(liabilities)

	Accelerated tax depreciation HK\$'000	Revaluation of properties HK\$'000	Recognition of income from sale of properties HK\$'000	Fair value adjustment of properties arising from acquisition HK\$'000	Tax losses HK\$'000	Undistributed profits of subsidiaries, associated companies and joint ventures HK\$'000	Provisions HK\$'000	Total HK\$'000
At 1 July 2012	(374,649)	(850,545)	(7,959)	(1,113,716)	151,555	(288,423)	23,360	(2,460,377)
Exchange differences (Charged)/credited to consolidated income statement	(14,281)	(35,202)	(315)	(40,759)	5,499	(12,871)	887	(97,042)
	(26,065)	(177,464)	(172)	72,253	(949)	(151,561)	1,672	(282,286)
At 30 June 2013	(414,995)	(1,063,211)	(8,446)	(1,082,222)	156,105	(452,855)	25,919	(2,839,705)
Exchange differences (Charged)/credited to consolidated income statement	5,293	15,033	106	13,417	(1,635)	7,954	(324)	39,844
	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)

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\$498,393,000 (2013: HK\$333,890,000) in respect of losses amounting to HK\$1,993,572,000 (2013: HK\$1,335,561,000) to carry forward against future taxable income. These tax losses will expire at various dates up to and including 2019 (2013: 2018).

As at 30 June 2014, 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\$7,040,966,000 (2013: HK\$4,845,874,000), as the directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not reverse in the foreseeable future.

34. CREDITORS AND ACCRUALS

	Group		Company	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade creditors (note i)	5,495,755	5,459,634	—	—
Other creditors and accruals (note ii)	1,454,444	1,360,218	188,222	191,684
	6,950,199	6,819,852	188,222	191,684

Notes:

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

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

The carrying amounts of the trade creditors of the Group are mainly denominated in Renminbi as at 30 June 2014 and 2013.

(ii) Other creditors and accruals included retention payables of construction costs, other payables and various accruals. The carrying amounts of other creditors and accruals of the Group and the Company are mainly denominated in Renminbi and Hong Kong dollar respectively.

NOTES TO THE FINANCIAL STATEMENTS

35. SHORT TERM LOANS

	Group	
	2014	2013
	HK\$'000	HK\$'000
Secured bank loans	—	151,899
Unsecured bank loans	—	391,139
	—	543,038

As at 30 June 2013, the effective interest rates of the short term loans range from 3.13% to 7.04%. Their carrying amounts approximate their fair values.

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

	Group	
	2014	2013
	HK\$'000	HK\$'000
Hong Kong dollar	—	100,000
Renminbi	—	443,038
	—	543,038

36. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts due to non-controlling interests are unsecured, interest free and repayable on demand. The carrying amounts of the balances are mainly denominated in Hong Kong dollar as at 30 June 2014 and 2013 and approximate their fair values.

37. TAXES PAYABLE

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Corporate income tax payable	382,919	478,937	—	—
Withholding tax payable	116,501	144,370	61,561	46,656
Land appreciation tax payable	3,979,906	2,684,528	—	—
Other PRC taxes payable	175,502	189,193	—	—
	4,654,828	3,497,028	61,561	46,656

38. GUARANTEES

(i) Corporate guarantees for banking facilities

Group

The Group has corporate guarantees of approximately HK\$2,734,066,000 (2013: HK\$1,640,794,000) given in respect of bank loan facilities extended to certain joint ventures. As at 30 June 2014, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the joint ventures was approximately HK\$2,350,941,000 (2013: HK\$1,135,368,000).

Company

The Company has corporate guarantees given in respect of bank loan facilities extended to certain subsidiaries and joint ventures of approximately HK\$16,878,727,000 (2013: HK\$13,819,598,000) and HK\$2,734,066,000 (2013: HK\$1,640,794,000) respectively.

(ii) Guarantees in respect of mortgage facilities

As at 30 June 2014, 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\$2,034,561,000 (2013: HK\$1,595,251,000). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties.

NOTES TO THE FINANCIAL STATEMENTS

39. COMMITMENTS

(i) Capital expenditure commitments

The capital expenditure commitments of the Group are as follows:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Authorised but not contracted for		
Purchase consideration for proposed development projects	108,000	108,000
Property, plant and equipment	150,938	225,079
	258,938	333,079
Contracted but not provided for		
Property, plant and equipment	1,571,271	1,540,295
Investment properties	1,629,585	1,360,214
	3,200,856	2,900,509
	3,459,794	3,233,588

(ii) Lease commitments

	Group		Company	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 30 June 2014, future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:				
Within one year	39,050	34,545	16,703	16,204
Between two and five years	63,260	55,461	9,320	13,578
Beyond five years	47,807	7,039	—	—
	150,117	97,045	26,023	29,782

40. BUSINESS COMBINATION

In April 2014, the Group has acquired 57.46% interests in Dragon Fortune Limited for a consideration of HK\$245,000,000. As a result, it became a wholly owned subsidiary of the Group. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	HK\$'000
Cash consideration paid	230,000
Consideration to be paid	15,000
Fair value of equity interest held in Dragon Fortune Limited before the business combination	325,135
	570,135

The recognised amounts of identifiable assets acquired and liabilities assumed as at the date of acquisition are as follows:

	HK\$'000
Property, plant and equipment	167,787
Land use rights	64,437
Properties held for development	562,500
Completed properties held for sale	141,420
Prepayments, debtors and other receivables	139,813
Cash and bank balances	9,040
Long term borrowings	(101,000)
Deferred tax liabilities	(178,996)
Creditor and accruals	(89,600)
Amount due to a joint venture	(62,500)
Deposits received on sale of properties	(1,128)
Taxes payable	(81,342)
Non-controlling interests	(296)
Total identifiable net assets	570,135

Since the date of acquisition, Dragon Fortune Limited did not contribute any revenue and incurred loss of approximately HK\$6,474,000. If the acquisition had occurred on 1 July 2013, the Group's revenue and profit for the year would be increased by HK\$299,782,000 and decreased by HK\$54,575,000 respectively.

The Group has benefit from the appreciation in the fair value of the acquired net assets over the years. For the purpose of the business combination, the Group recognised a gain of HK\$67,257,000 as a result of remeasuring at fair value of its equity interests held in Dragon Fortune Limited before the business combination.

NOTES TO THE FINANCIAL STATEMENTS

40. BUSINESS COMBINATION *(Continued)*

Acquisition-related costs of HK\$995,000 have been charged to administrative and other operating expenses in the consolidated income statement for the year ended 30 June 2014.

The fair value of prepayments, debtors and other receivables is HK\$139,813,000 and included trade receivables with a fair value of HK\$109,091,000.

41. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

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

	2014 HK\$'000	2013 HK\$'000
Operating profit before finance costs	8,824,152	7,356,517
Interest income	(286,678)	(392,908)
Depreciation and amortisation	279,860	258,260
Share-based payments	12,920	14,206
Dividend income from an available-for-sale financial asset	(1,738)	—
Gain on disposal/write off of property, plant and equipment, land use rights and investment properties	(117,617)	(305,189)
Tax indemnity from the ultimate holding company	(1,075,306)	(617,208)
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	125,892	—
Changes in fair value of investment properties	(616,122)	(623,795)
Net foreign exchange losses/(gains)	281,791	(535,766)
Operating profit before working capital changes	7,362,383	5,154,117
Increase in properties held for/under development and completed properties held for sale	(302,480)	(4,251,423)
Decrease/(increase) in prepayments, debtors and other receivables	463,371	(1,402,287)
Changes in balances with related companies	1,436,726	656,383
(Decrease)/increase in deposits received on sale of properties	(4,442,495)	3,684,184
Decrease in creditors and accruals	(784,297)	(330,522)
Net cash generated from operations	3,733,208	3,510,452

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

The Group acquired subsidiaries and the identified assets acquired and liabilities assumed as at the date of acquisition are as follows:

	2014 HK\$'000	2013 HK\$'000
Property, plant and equipment	173,900	5,770
Land use rights	64,437	—
Properties held for development	562,500	—
Intangible assets	124,127	67,636
Completed properties held for sale	141,420	—
Prepayments, debtors and other receivables	154,150	220,517
Cash and bank balances	10,612	86,348
Deposits received on sale of properties	(1,128)	—
Creditors and accruals	(102,817)	(271,238)
Taxes payable	(81,342)	(15,725)
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	93,308
Interest originally held by the Group as joint ventures	(257,878)	—
	445,189	93,308
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	93,308
	2014 HK\$'000	2013 HK\$'000
Cash consideration paid	389,835	93,308
Consideration to be paid	(15,000)	—
Cash and bank balances acquired	(10,612)	(86,348)
	364,223	6,960

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	2014 HK\$'000	2013 HK\$'000
Interest expenses on loans from fellow subsidiaries	(a)	8,550	8,799
Rental expense for leased premises to fellow subsidiaries	(b)	19,857	23,515
Property agency fee paid to fellow subsidiaries	(c)	13,162	11,979
Purchase of goods from fellow subsidiaries and a related company	(d)	110,813	21,685
Interest income from joint ventures	(e)	73,005	149,438
Property management services fee income from fellow subsidiaries, joint ventures and related companies	(f)	48,466	43,247
Rental income from fellow subsidiaries, a joint venture and a related company	(g)	124,431	119,519
Trademark fee income from joint ventures	(h)	—	21,177
Hotel management services fee income from fellow subsidiaries, joint ventures and related companies	(i)	97,964	86,704
Project management fee income from joint ventures and related companies	(j)	35,582	9,090
Contracting service income from related companies	(k)	428,466	152,377
Sales of properties to a fellow subsidiary and a related company	(l)	46,450	—

Notes:

- (a) Interest is charged at rates as specified in note 32(ii) on the outstanding balances due to certain fellow subsidiaries.
- (b) The rental is charged at fixed monthly fees in accordance with the terms of the tenancy agreements.
- (c) The property agency fee is charged by the fellow subsidiaries in accordance with the terms of the property agency agreements.
- (d) This represents purchases of goods by means of presenting various cash equivalent gift coupons, gift cards and stored value shopping cards to the stores operated by the fellow subsidiaries 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) Trademark fee income is charged in accordance with the terms of trademark fee agreement.

- (i) The hotel management services fee income is charged in accordance with the terms of the management service agreement.
- (j) The project management fee income is charged in accordance with the terms of the agreement.
- (k) The contracting services income is charged in accordance with the terms of the agreement.
- (l) 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.
- (m) 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\$255,414,000 (2013: HK\$192,900,000). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.
- (n) A deed of tax indemnity was entered into between the ultimate holding company and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of CIT and LAT payable in consequence of the disposal of certain properties held by the Group as at 31 March 1999. During the year, tax indemnity amounting to HK\$1,075,306,000 (2013: HK\$617,208,000) was effected (note 13).
- (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, among which Sun City Holdings Limited and Potassium Corp. are associates of Mr Cheng Kar-shing, Peter and that Brinkley Holdings Limited is beneficially owned by Mr Cheng Kam-chiu, Stewart, for a consideration of HK\$245,000,000. Upon completion, Dragon Fortune Limited became an indirect wholly-owned subsidiary of the Group.
- (q) During the year ended 30 June 2011, the Group entered into an agreement with Shenyang New World Department Store Ltd. ("Shenyang DS"), a fellow subsidiary whereby the Group agreed to sell to Shenyang DS certain properties to be developed by the Group, for a consideration of RMB456,534,000, subject to adjustment. During the year ended 30 June 2013, the transaction was completed at RMB415,046,000 (equivalent to HK\$518,808,000).
- (r) During the year ended 30 June 2013, the Group entered into a cooperation agreement with Shenyang Trendy Company Limited ("Shenyang Trendy"), a fellow subsidiary, whereby Shenyang Trendy agreed to make contribution of approximately RMB527,060,000 (equivalent to HK\$658,825,000) for the consideration of the redeveloped property. As at 30 June 2014, payment of RMB210,824,000 (equivalent to HK\$263,530,000) was received from Shenyang Trendy.

(ii) Key management compensation

	2014 HK\$'000	2013 HK\$'000
Salaries and other short term employee benefits	120,375	110,978
Pension costs	5,100	5,150
Share option benefits	3,056	4,956
	128,531	121,084

Key management includes executive directors, financial controller, company secretary, regional executives and senior executives of hotel management team.

(iii) Balances with related parties

Balances with associated companies, joint ventures, group companies and companies owned by a director are disclosed in notes 22 and 29.

NOTES TO THE FINANCIAL STATEMENTS

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Details of the principal subsidiaries, associated companies and joint ventures which materially affect the results for the year and/or assets of the Group as at 30 June 2014 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		
		2014	2013	2014	2013	
Subsidiaries						
<i>Incorporated and operating in Hong Kong</i>						
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 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
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%	—	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

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		
		2014	2013	2014	2013	
Sunny Trend Development Limited	HK\$2 2 ordinary shares	—	—	100%	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 Shadow Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Art Bridge Development Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Banyan Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Brilliant Alpha Investment Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Conful Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Dragon Fortune Limited	US\$57,895 57,895 shares of US\$1 each	—	—	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
Fortune Star Worldwide Limited	US\$100 100 shares of US\$1 each	—	—	100%	100%	Investment holding
Fu Hong Investments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Goodtrade Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Hinto Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
K Fai Investments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Keep Bright Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Lucky Win Development Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Magic Chance Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
New World Anderson Development Company Limited	US\$100 100 shares of US\$1 each	—	—	100%	100%	Investment holding
New World China Finance (BVI) Limited	US\$1 1 share of US\$1	—	—	100%	100%	Financing

NOTES TO THE FINANCIAL STATEMENTS

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES 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		
		2014	2013	2014	2013	
Subsidiaries (Continued)						
<i>Incorporated in the British Virgin Islands (Continued)</i>						
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%	—	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
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

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		
		2014	2013	2014	2013	
<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%	—	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 Flying Unicorn Management Services Co., Ltd.	RMB5,000,000	—	—	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
Fortune Leader Overseas Chinese (Daiyawan) Investment Co. Ltd.	US\$16,950,000	—	—	100%	—	Golf club and resort operation
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co. Ltd.	US\$20,820,000	—	—	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\$271,350,000	—	—	100% (note 2)	100%	Property development

NOTES TO THE FINANCIAL STATEMENTS

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES 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		
		2014	2013	2014	2013	
Subsidiaries (Continued)						
<i>Incorporated and operating in the PRC (Continued)</i>						
Haikou New World Housing Development Ltd.	US\$8,000,000	—	—	100%	100%	Property development
Huamei Wealth (Beijing) Technology Co., Ltd.	RMB640,000,000	—	—	100%	100%	Property investment
Hunan Fortune Lake Property Development Co., Ltd.	RMB55,800,000	—	—	100%	100%	Property development
Hunan Success New Century Investment Company Limited	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\$124,300,000	—	—	100%	100%	Property development
Langfang Xin Zhong Properties Development Co., Ltd.	US\$38,200,000	—	—	100%	100%	Property development
Nanjing New World Real Estate Co., Ltd.	US\$45,339,518	—	—	100%	100%	Property investment
New World Anderson (Tianjin) Development Co., Ltd.	US\$5,500,000	—	—	100%	100%	Property investment
New World (Anshan) Landscape Engineering Limited	RMB10,000,000	—	—	100%	—	Landscape engineering
New World (Anshan) Property Development Co., Ltd.	RMB1,420,000,000	—	—	100%	100%	Property development
New World China Land (Haikou) Limited	US\$505,000,000	—	—	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) 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 (Shenyang) Property Development Limited	RMB4,535,360,500	—	—	100%	90%	Property investment and development
Rosewood Hotels & Resorts (Shanghai) Limited (Formerly: New World Hotel Management (Shanghai) Ltd.)	RMB500,000	—	—	100%	100%	Hotel management consultancy services
Shanghai Ramada Plaza Ltd.	US\$42,000,000	—	—	100%	100%	Property investment and hotel 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		
		2014	2013	2014	2013	
Shanghai Trio Property Development Co., Ltd.	US\$81,000,000	—	—	100%	100%	Property investment and development
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
Tang Shan New World Property Development Co., Ltd.	US\$97,000,000	—	—	100%	100%	Property development
Tianjin New World Housing Development Co., Ltd.	RMB80,000,000	—	—	100%	100%	Property development
Tianjin New World Properties Development Co., Ltd.	US\$91,000,000	—	—	100%	100%	Property development
Tianjin Xin Guang Development Co., Ltd.	US\$4,500,000	—	—	100%	100%	Property investment
Wuhan New Eagle Enterprises Co., Limited	US\$2,830,000	—	—	100%	100%	Property investment
Wuhan Xinhan Development Co., Ltd.	US\$16,000,000	—	—	100%	100%	Property development
Zhaoqing New World Property Development Limited	US\$13,750,000	—	—	100%	100%	Property development
Zhuhai New World Housing Development Limited	US\$8,000,000	—	—	100%	100%	Property development
Associated companies						
<i>Incorporated and operating in Hong Kong</i>						
Sun City Holdings Limited	HK\$8,000,000 8,000,000 ordinary shares	—	—	—	30.6%	Investment holding
Sun Legend Investments Limited	HK\$1,000 1,000 ordinary shares	—	—	50%	65.3%	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%	—	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
Dragon Fortune Limited	US\$57,895 57,895 shares of US\$1 each	—	—	—	48.8%	Investment holding
Silvery Yield Development Limited	US\$100 100 ordinary shares of US\$1 each	—	—	49%	49%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES 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		
		2014	2013	2014	2013	
Joint ventures (Continued)						
<i>Incorporated and operating in the PRC</i>						
<i>(i) Co-operative joint ventures</i>						
Beijing Chong Wen – New World Properties Development Co., Ltd.	US\$225,400,000	—	—	70%	70%	Property investment and development and hotel operation
Beijing Chong Yu Real Estate Development Co., Ltd.	US\$171,840,000	—	—	70%	70%	Property investment and development
Beijing Xin Kang Real Estate Development Co., Ltd.	US\$12,000,000	—	—	70%	70%	Property investment and development
Beijing Xin Lian Hotel Co., Ltd.	US\$12,000,000	—	—	55%	55%	Hotel operation
China New World Electronics Ltd.	US\$57,200,000	—	—	70%	70%	Property Investment and development
Huizhou New World Housing Development Limited	RMB80,000,000	—	—	62.5%	62.5%	Property development
Wuhan New World Housing Development Limited	RMB96,000,000	—	—	60%	60%	Property development
Wuhan Wuxin Hotel Co. Ltd.	US\$49,750,000	—	—	60%	60%	Hotel operation
<i>(ii) Equity joint venture</i>						
Fortune Leader Overseas Chinese (Daiyawan) Investment Co. Ltd.	US\$16,950,000	—	—	—	48.8%	Golf club and resort operation
<i>(iii) Joint ventures in wholly foreign owned enterprises</i>						
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co. Ltd.	US\$20,820,000	—	—	—	59%	Property development
Guangzhou Bosson Real Estate Co., Ltd.	RMB50,003,000	—	—	62.5%	62.5%	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	—	—	62.5%	62.5%	Property development
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%	60%	Property investment

Notes:

1. Represent equity interest in case of companies incorporated outside the PRC or the percentage of equity interest in case of equity joint ventures or profit sharing ratio in accordance with the joint venture contracts in case of co-operative joint ventures in the PRC.
2. Represent equity interest of the Group in these companies. Pursuant to the participation agreement dated 11 September 2006 entered into between the Company and Solar Leader Limited ("Solar Leader"), a wholly-owned subsidiary of NWD, Solar Leader has a participating interest, representing 50% of the total interest of the Group in certain property projects undertaken by these companies.
3. Represent profit sharing ratio of the Group in accordance with the contractual arrangement between the shareholders.

FINANCIAL SUMMARY

RESULTS

	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
Revenues	22,379,855	16,153,872	12,528,755	13,557,227	6,340,752
Operating profit after finance costs	8,482,227	6,942,261	5,719,033	4,685,543	2,790,676
Share of results of associated companies and joint ventures	462,277	964,636	373,171	378,176	479,674
Profit before taxation	8,944,504	7,906,897	6,092,204	5,063,719	3,270,350
Taxation charge	(4,145,239)	(3,051,541)	(2,812,704)	(1,917,443)	(629,183)
Profit for the year	4,799,265	4,855,356	3,279,500	3,146,276	2,641,167
Attributable to:					
Equity holders of the Company	4,638,691	4,616,314	3,080,929	3,025,826	2,636,427
Non-controlling interests	160,574	239,042	198,571	120,450	4,740
	4,799,265	4,855,356	3,279,500	3,146,276	2,641,167

ASSETS AND LIABILITIES

	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
Property, plant and equipment, investment properties and land use rights	27,439,380	23,979,454	20,504,444	16,723,223	14,654,688
Properties held for development	18,182,575	17,350,847	15,864,552	12,478,678	10,610,021
Associated companies and joint ventures	14,309,144	12,914,943	11,502,724	10,047,204	10,305,826
Intangible assets	1,895,952	1,940,241	1,925,141	23,394	23,394
Available-for-sale financial assets	85,147	108,457	108,457	58,362	221,996
Other non-current assets	—	—	—	—	9,091
Net current assets	27,884,723	35,206,973	27,199,442	21,054,114	21,922,155
Total assets less current liabilities	89,796,921	91,500,915	77,104,760	60,384,975	57,747,171
Long term borrowings	(25,226,035)	(30,957,581)	(22,919,267)	(14,151,021)	(16,076,473)
Deferred tax liabilities	(3,252,232)	(2,839,705)	(2,460,377)	(2,185,100)	(2,266,299)
	61,318,654	57,703,629	51,725,116	44,048,854	39,404,399

MAJOR PROJECTS PROFILE

NO	Region	Project name	NWCL's accounting classification	NWCL's attributable interest	Total GFA (sq m)
Projects under development/held for development					
1	Beijing	Beijing New View Garden Remaining Phases Beijing New View Garden Commercial Centre	Joint venture	70%	22,561 39,653
2	Beijing	Beijing Xin Yu Garden Remaining Phases Beijing Xin Yu Garden Commercial Centre	Joint venture	70%	605,600 89,620
3	Beijing	Beijing Yuzhuang Project Phase I Beijing Yuzhuang Project Phase II	Subsidiary	75%	59,061 79,880
4	Langfang	Langfang New World Centre District B Langfang New World Centre District C1 Langfang New World Centre District A and C2	Subsidiary	100%	22,553 126,516 223,935
5	Langfang	Langfang New World Garden District 3 Langfang New World Garden District 1 and 2	Subsidiary	100%	110,708 221,257
6	Tangshan	Tangshan New World Centre	Subsidiary	100%	226,506
7	Tianjin	Tianjin Xin Hui Hua Ting	Subsidiary	100%	183,259
8	Jinan	Jinan Sunshine Garden Remaining Portion	Subsidiary	100%	77,197
9	Shenyang	Shenyang New World Garden Phase I Remaining Portion Shenyang New World Garden Remaining Phases	Subsidiary	100%	53,434 1,563,416
10	Shenyang	Shenyang New World Centre – Expo Shenyang New World Centre Phase I and II A Shenyang New World Centre Remaining Phases	Subsidiary	100%	118,273 628,089 493,507
11	Shenyang	Shenyang New World Commercial Centre Phase II	Subsidiary	100%	96,137
12	Anshan	Anshan New World Garden Phase III A Anshan New World Garden Remaining Phases	Subsidiary	100%	136,742 819,298
13	Dalian	Dalian New World Tower Remaining Portion	Subsidiary	100%	76,655
14	Wuhan	Wuhan Menghu Garden Phase III A/C	Subsidiary	100%	41,036
15	Wuhan	Wuhan Changqing Garden Phase IX Area 6 South District Phase II Wuhan Changqing Garden Phase IX Area 6 North District Wuhan Changqing Garden Phase IX Area 7A Wuhan Changqing Garden Remaining Phases	Joint venture	60%	208,654 446,647 58,050 866,340
16	Wuhan	Wuhan New World Centre Phase III	Subsidiary	100%	137,209
17	Wuhan	Wuhan Guanggu New World	Subsidiary	100%	330,642
18	Changsha	Changsha La Ville New World Phase III B Changsha La Ville New World Phase III C Changsha La Ville New World Phase IV	Subsidiary	48%	122,806 39,994 422,390
19	Yiyang	Yiyang Scenic Heights Phase I Yiyang Scenic Heights Phase II A Yiyang Scenic Heights Remaining Phases	Subsidiary	100%	96,049 140,685 916,987

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	TBD
251,000	99,800	135,100		119,700	Under planning	TBD
	60,925			28,695	Under planning	TBD
56,023	3,038				Under development	Dec/2014
79,880					Planning completed	Mar/2016
17,466	3,336			1,751	Under development	Jul/2014
55,256	5,273	41,102		24,885	Under development	May/2015
83,595	52,070		38,564	49,706	Under development	May/2016
92,710				17,998	Under development	Dec/2015
157,753	14,398			49,106	Under development	Jan/2017
85,411	39,272	48,768		53,055	Under development	Nov/2014
89,376	25,023			68,860	Under development	Sep/2014
	4,353	32,708	18,729	21,407	Under development	Mar/2016
	5,471	38,435		9,528	Planning completed	Jun/2016
1,091,620	106,832	34,825		330,139	Under planning	TBD
				118,273	Under development	Mar/2016
80,884	300,787		132,151	114,267	Under development	Mar/2016
227,685		265,822			Under planning	TBD
	25,196	51,465		19,476	Under planning	TBD
81,362	14,580			40,800	Planning completed	Jun/2016
576,244	27,262			215,792	Under planning	TBD
76,655					Under development	Sep/2014
41,036					Planning completed	Apr/2016
158,684				49,970	Planning completed	Jun/2017
346,520	10,927			89,200	Planning completed	Dec/2017
	32,250			25,800	Planning completed	Jun/2018
259,726	318,214	14,100		274,300	Under planning	TBD
	22,859	57,464		56,886	Planning completed	TBD
	51,384	127,164	59,142	92,952	Planning completed	Dec/2016
68,261	24,058			30,487	Under development	Jun/2016
	5,808	23,360		10,826	Under development	Dec/2015
377,768	7,239			37,383	Under planning	TBD
91,660	4,389				Under planning	Jun/2016
107,111	33,574				Under planning	Dec/2016
665,565	31,232			220,190	Under planning	TBD

MAJOR PROJECTS PROFILE

NO	Region	Project name	NWCL's accounting classification	NWCL's attributable interest	Total GFA (sq m)
Projects under development/held for development					
20	Chengdu	Chengdu New World Riverside Phase II 1A	Subsidiary	30%	127,586
		Chengdu New World Riverside Phase II 1 Remaining Portion			360,179
		Chengdu New World Riverside Remaining Phases			3,206,242
21	Guiyang	Guiyang Jinyang Sunny Town Phase II B Remaining Portion	Subsidiary	50%	41,041
		Guiyang Jinyang Sunny Town Phase II C			443,261
		Guiyang Jinyang Sunny Town Phase III A			53,595
		Guiyang Jinyang Sunny Town Remaining Phases			3,507,641
22	Guangzhou	Guangzhou Dong Yi Garden Phase V	Subsidiary	100%	26,128
23	Guangzhou	Guangzhou Covent Garden Phase III A	Subsidiary	100%	107,047
		Guangzhou Covent Garden Phase III B			6,000
		Guangzhou Covent Garden Phase III Remaining Portion			366,717
		Guangzhou Covent Garden Remaining Phases			385,715
24	Guangzhou	Guangzhou Park Paradise Phase III B	Subsidiary	100%	70,510
		Guangzhou Park Paradise Remaining Phases			452,655
25	Guangzhou	Guangzhou Park Paradise Area 6	Subsidiary	100%	184,867
26	Guangzhou	Guangzhou Xintang New World Garden Phase V C	Joint venture	63%	87,195
27	Foshan	Canton First Estate Phase I (CF09, CF10 & CF19A)	Subsidiary	85%	214,846
		Canton First Estate Phase II (CF19B & CF20)			218,383
		Canton First Estate Remaining Phases			785,862
28	Shenzhen	Shenzhen New World Yi Shan Garden Phase III	Subsidiary	100%	125,385
29	Shenzhen	Shenzhen New World Signature Hill	Subsidiary	100%	65,005
30	Zhaoqing	Zhaoqing New World Garden Phase III	Subsidiary	100%	34,709
		Zhaoqing New World Garden Phase III Remaining Portion			84,857
31	Huiyang	Huiyang Hu Xia Liao Project	Subsidiary	100%	162,717
32	Huiyang	Huiyang Palm Island Resort Remaining Phases	Subsidiary	100%	211,063
33	Huizhou	Huizhou Changhuyuan Phase IV	Joint venture	63%	97,070
34	Haikou	Haikou Meilisha Project Phase I (#2)	Subsidiary	100%	32,628
		Haikou Meilisha Remaining Phases			2,613,713
35	Ningbo	Ningbo New World Plaza	Joint venture	49%	647,791
Total (Projects under development/held for development)					24,621,754

Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carpark and others (sq m)	Development status	Expected completion date
85,174				42,412	Under development	Jun/2015
184,951	64,872			110,356	Planning completed	Jun/2017
2,148,336	56,406		58,000	943,500	Under planning	TBD
	30,838		10,203		Under development	Jun/2016
325,758	19,990			97,513	Under development	Jan/2017
32,610				20,985	Under development	Nov/2015
1,985,958	272,496	461,532		787,655	Under planning	TBD
22,940				3,188	Under development	Jun/2017
87,307				19,740	Under development	Jun/2015
	6,000				Under development	Oct/2015
283,538				83,179	Under development	Dec/2017
318,813	38,587			28,315	Planning completed	TBD
	20,829		38,400	11,281	Planning completed	Jun/2017
257,367	102,657			92,631	Planning completed	TBD
143,338				41,529	Under development	Jun/2015
87,195					Under development	Mar/2015
189,757				25,089	Under development	Dec/2014
181,631				36,752	Under development	Jun/2016
700,508			85,354		Under planning	TBD
95,686				29,699	Under development	Jan/2015
58,691				6,314	Under development	Dec/2014
34,709					Under development	Dec/2014
77,452	2,230			5,175	Under development	Jun/2016
162,717					Under planning	TBD
211,063					Under planning	TBD
67,070				30,000	Under planning	TBD
26,611				6,017	Under development	Dec/2014
1,532,822	87,710		174,686	818,495	Under planning	TBD
168,025	134,903	174,298	24,087	146,478	Under planning	TBD
14,689,278	2,185,822	1,526,824	639,316	5,580,514		

MAJOR PROJECTS PROFILE

NO	Region	Project name	NWCL's accounting classification	NWCL's attributable interest	Total GFA (sq m)
Completed Investment Properties					
36	Beijing	Beijing New World Centre Phase I	Joint venture	70%	94,188
37	Beijing	Beijing New World Centre Phase II	Joint venture	70%	73,392
38	Beijing	Beijing Zhengren Building	Joint venture	70%	16,415
39	Beijing	Beijing New World Garden	Joint venture	70%	34,544
		Beijing Xin Yang Commercial Building			3,439
		Beijing Xin Cheng Commercial Building			8,051
40	Beijing	Beijing Xin Yi Garden	Joint venture	70%	52,358
1a	Beijing	Beijing New View Garden	Joint venture	70%	12,933
2a	Beijing	Beijing Xin Yu Garden	Joint venture	70%	24,800
41	Beijing	Beijing Xin Kang Garden	Joint venture	70%	39,910
42	Beijing	Beijing Baoding Building Shopping Arcade	Subsidiary	100%	62,286
43	Tianjin	Tianjin Xin An New World Plaza	Subsidiary	100%	96,181
44	Tianjin	Tianjin New World Garden	Subsidiary	100%	7,395
8a	Jinan	Jinan Sunshine Garden	Subsidiary	100%	51,437
9a	Shenyang	Shenyang New World Garden	Subsidiary	100%	339,315
		Shenyang New World Commercial Centre	Subsidiary	100%	9,473
12a	Anshan	Anshan New World Garden	Subsidiary	100%	54,518
45	Dalian	Dalian New World Plaza	Subsidiary	88%	69,196
13a	Dalian	Dalian New World Tower	Subsidiary	100%	48,982
46	Shanghai	Shanghai Hong Kong New World Tower	Joint venture	50%	130,385
47	Shanghai	Shanghai Ramada Plaza	Subsidiary	100%	34,340
		Shanghai Belvedere Service Apartment			37,935
48	Shanghai	Shanghai Jiu Zhou Shopping Arcade	Subsidiary	100%	129
49	Wuhan	Wuhan New World International Trade Tower I	Subsidiary	100%	121,828
		Wuhan New World International Trade Tower II			10,005
16a	Wuhan	Wuhan New World Centre	Subsidiary	100%	135,811
		Wuhan New World Centre	Joint venture	60%	6,202
50	Wuhan	Wuhan K11 Gourmet Tower	Subsidiary	100%	20,900
15a	Wuhan	Wuhan Changqing Garden	Joint venture	60%	82,047
51	Wuhan	Wuhan Xin Hua Garden	Joint venture	60%	71,769
18a	Changsha	Changsha La Ville New World Phase I	Subsidiary	48%	12,948
20a	Chengdu	Chengdu New World Riverside Phase I	Subsidiary	30%	46,966
52	Nanjing	Nanjing New World Centre	Subsidiary	100%	52,794
21a	Guiyang	Guiyang Jinyang Sunny Town	Subsidiary	50%	121,052
22a	Guangzhou	Guangzhou Dong Yi Garden	Subsidiary	100%	13,616
53	Guangzhou	Guangzhou New World Oriental Garden	Subsidiary	100%	34,345
54	Guangzhou	Guangzhou Central Park-view	Subsidiary	91%	67,187
23a	Guangzhou	Guangzhou Covent Garden	Subsidiary	100%	30,549
24a	Guangzhou	Guangzhou Park Paradise	Subsidiary	100%	134,520
26a	Guangzhou	Guangzhou Xintang New World Garden	Joint venture	63%	78,994
28a	Shenzhen	Shenzhen New World Yi Shan Garden	Subsidiary	100%	9,225
55	Shunde	Shunde New World Centre	Joint venture	42%	48,517
30a	Zhaoqing	Zhaoqing New World Garden	Subsidiary	100%	15,062
33a	Huizhou	Huizhou Changhuyuan	Joint venture	63%	31,006
56	Haikou	Haikou New World Garden	Subsidiary	100%	5,723
4a	Langfang	Langfang New World Centre District B	Subsidiary	100%	5,468
Subtotal					2,458,136

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
	1,535			11,398
	3,603			21,197
	11,725			28,185
	40,286			22,000
	78,283	6,614		11,284
				7,395
	7,417			44,020
	9,267			330,048
				9,473
	2,829			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	62,151		27,894
		563		5,639
	10,320			10,580
	60,186	3,819		18,042
	36,069			35,700
	2,305			10,643
				46,966
	41,712			11,082
	40,168			80,884
	8,221			5,395
	21,787			12,558
29,868	17,408			19,911
	22,441			8,108
22,220	15,711			96,589
	23,051			55,943
				9,225
	33,577			14,940
	15,062			
	354			30,652
				5,723
	5,468			
90,023	807,987	268,257	—	1,291,869

MAJOR PROJECTS PROFILE

NO	Region	Project name	NWCL's accounting classification	NWCL's attributable interest	Total GFA (sq m)
Completed hotel properties					
57	Beijing	pentahotel Beijing	Joint venture	55%	23,988
58	Beijing	New World Beijing Hotel	Joint venture	70%	53,998
59	Dalian	New World Dalian Hotel	Subsidiary	100%	53,248
60	Shanghai	New World Shanghai Hotel	Subsidiary	100%	46,942
61	Shanghai	pentahotel Shanghai	Subsidiary	100%	13,353
62	Wuhan	New World Wuhan Hotel	Joint venture	60%	29,411
63	Shunde	New World Shunde Hotel	Joint venture	33%	36,524
64	Guiyang	New World Guiyang Hotel	Subsidiary	50%	39,521
Subtotal					296,985
Total (Completed investment and hotel properties)					2,755,121

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	—
90,023	807,987	268,257	296,985	1,291,869

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 meter
Km:	Kilometer
Sq km:	Square kilometer
Sq m:	Square meter

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

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

www.nwcl.com.hk

Chinese Version

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

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DESIGN CONCEPT

The design of this annual report features the traditional Chinese patchwork, One Hundred Families Quilt. In traditional China, it is customary for new parents to collect patches of cloth from neighbours with blessings for new born babies. It is believed that the quilt made of the patches can bring good fortune. The unity, love and creativity manifested by this traditional culture are the community values that New World China Land treasures. NWCL has been dedicated to creating sustainable community, with a special focus on reviving local art and culture. Paying tribute to traditional culture, classic Chinese patterned fabrics are adopted as design elements of this report, coupling with the sculpture images from the “New World • City Trace Memories” thematic year event.





New World China Land Limited

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