



New World Development Company Limited

(Stock Code: 0017)

Annual Report 2013





Design Concept

This design scheme revolves around the concept enshrined under Luban Lock, which represents ancient wisdom and sophisticated craftsmanship. This sophisticated structure depicted in the cover page represents the focal point to converge the core businesses of New World Development.

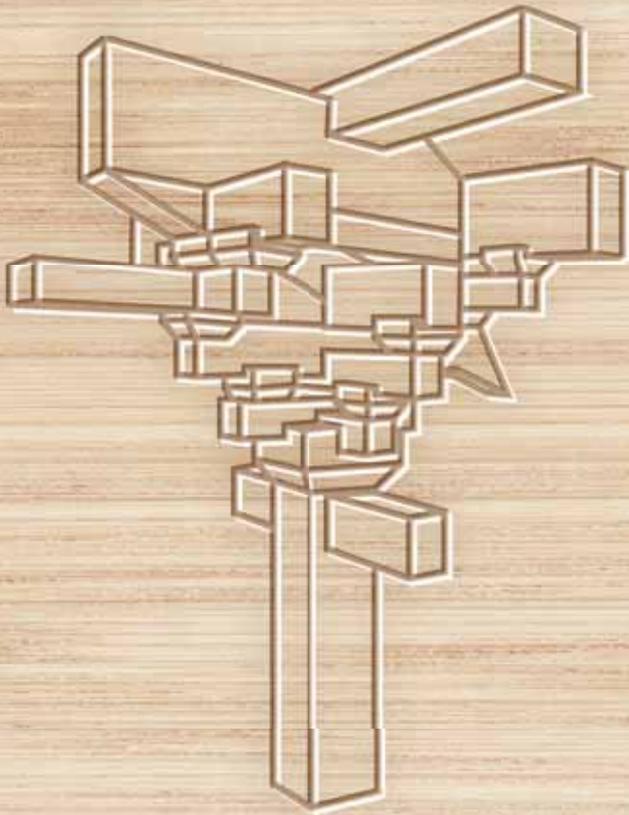
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All parties engaged in the production of this annual report have made their best efforts to ensure the highest accuracy of all information, photographs, images, drawings or sketches herein contained as to the printing of this annual report and to minimise the existence of clerical errors. Readers are invited to make enquires to sales personnel or consult relevant professionals for verification of doubts or particulars of specific items.



With sophisticated structure, Luban Lock represents NWD's attention to designs and quality during the course of its ongoing development of properties. It combines perfectly the contemporary techniques and humanised facilities, aiming to create cozy homes for the general public.



Sculptured with the landmark constructions of NWD, the wooden doors represent doors of guest rooms in our hotels. The fine craftsmanship articulates the Group's commitment to building and operating hotels for bringing superb experience to travellers.



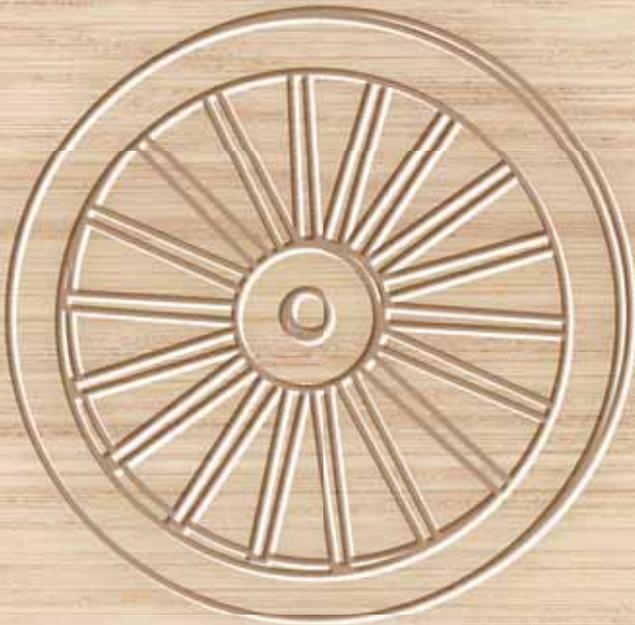
Property

Our property development portfolio is focused on residential in Hong Kong and Mainland China. This is complemented by a sizable investment property portfolio comprising shopping malls, offices, hotels and service apartments. Our property arm in Mainland China, New World China Land, is one of the leading national property developers in Mainland China.

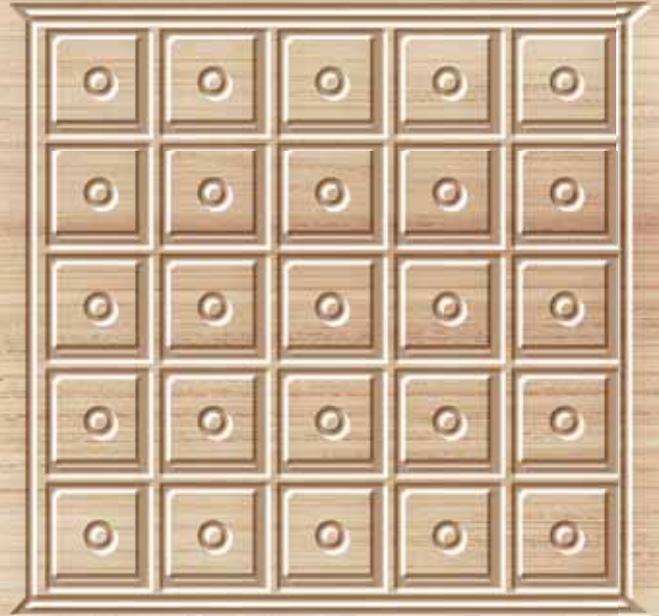


Hotel Operations

The Group owns and develops a portfolio of hotels properties. The portfolio covers a wide spectrum of distinct hotels located in Asia which are managed and operated under its own hotel brands, being Rosewood Hotels & Resorts, New World Hotels and pentahotels, or other internationally recognised hotel brands.



The design of a wheel highlights the correlations between the Group's infrastructure development and service businesses to the lives of the general public, shortening geographical distance and contributing significantly to social development.



Apothecary cabinet represents the Group's department store business. It symbolises NWDS's wide array of merchandising supplies and its commitment to providing comfortable one-stop shopping experience to the general public.



Infrastructure and Service

Our infrastructure portfolio includes roads, energy, water and ports & logistics projects in Hong Kong, Mainland China and Macau.

Our service businesses comprise facilities management, contracting & transport and strategic investments.



Department Stores

New World Department Store operates and manages renowned department store chain in 20 major cities in Mainland China.

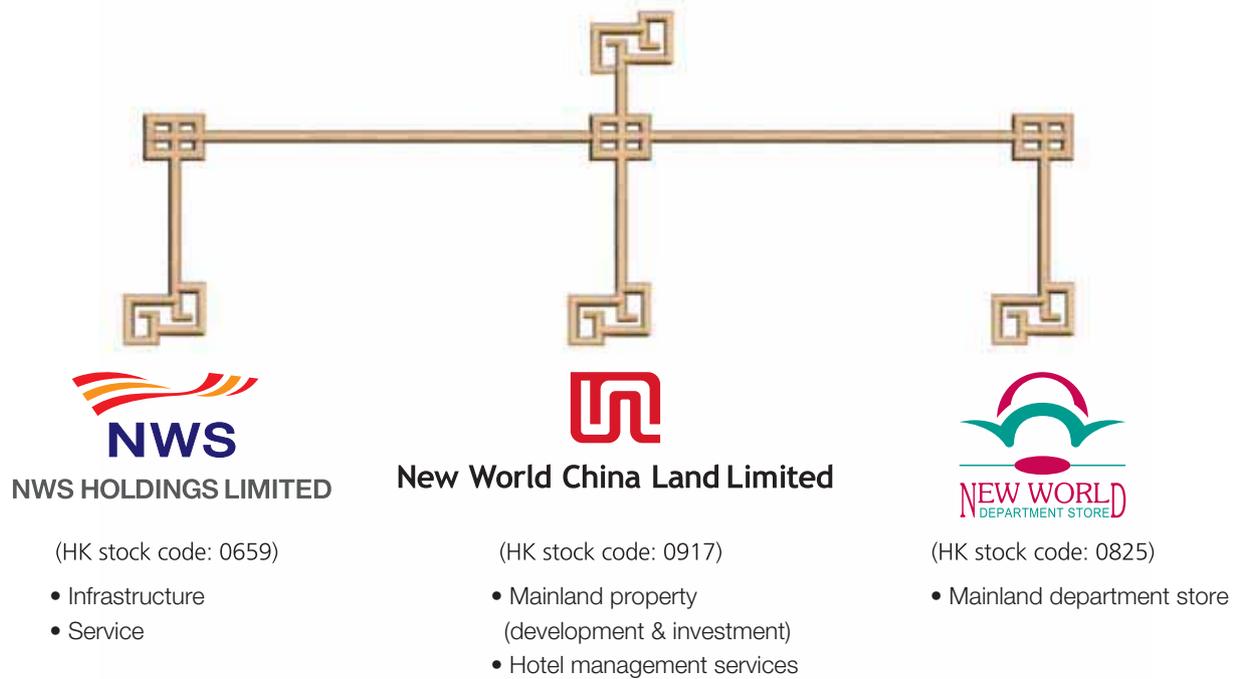
Corporate Structure



New World Development Company Limited

(HK stock code: 0017)

• **Hong Kong property
(development & investment)**

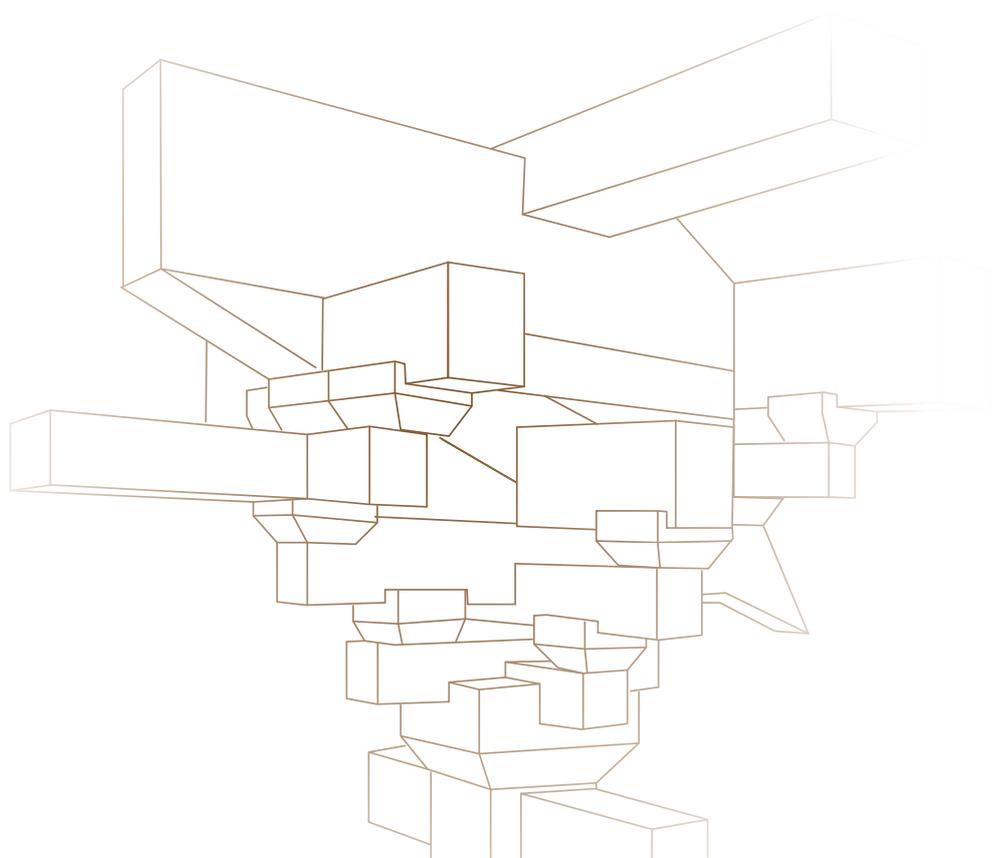


Financial Highlights

	FY2013 HK\$m	FY2012 HK\$m
Revenues	46,779.9	35,620.1
Segment results ⁽¹⁾	16,484.8	13,241.6
Profit before taxation	23,311.2	18,721.6
Profit attributable to shareholders of the Company	14,148.7	10,139.0
Basic earnings per share (HK\$)	2.28	1.88
Dividend per share (HK cents)		
Interim	12.0	10.0
Final	30.0	28.0
Full-year	42.0	38.0
	As at 30 June 2013 HK\$m	As at 30 June 2012 HK\$m
Total assets	332,189.1	286,371.7
Net debt ⁽²⁾	62,493.0	57,773.4
Gearing ratio ⁽³⁾	35.2%	36.6%

Remarks:

- (1) Segment results include share of results of jointly controlled entities and associated companies
- (2) Net debt: The aggregate of bank loans, other loans, fixed rate bonds and convertible bonds less cash and bank balances
- (3) Gearing ratio: Net debt divided by total equity



Chairman's Statement

New World,

One Step Forward

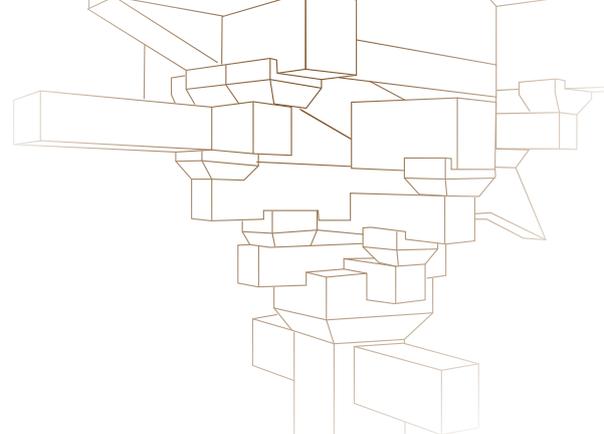
TO OUR SHAREHOLDERS,

Subsequent to the unprecedented capital accumulation and technological advancement in major economies around the world resulting from the Industrial Revolution, many traditional enterprises found their further development stumbled by difficulties involved in sustainably developing, soundly organising, effectively controlling and managing such rich resources. Under the epochal theory of scientific management proposed in the nineteenth century by Frederick Taylor, an American scholar in classical management, a scientific and standardised management system may be applied to review the existing workflows of an enterprise, identify the rules for operations and actions, formulate scientific manufacturing processes, and use standardisation as a way to streamline procedures and systems. Additionally, employees are trained so that they grow in their respective areas to enhance the production efficiency of the enterprise as a whole. This will in turn form the basis on which employers and employees build up their wealth together, and the organisation will become highly united, thereby achieving its goals and targets. Such notions proposed by Frederick Taylor contributed significantly to the key stage of transition of enterprise management from small-scale and hereditary to large-scale and professional.

For many successful enterprises in a traditional Chinese or oriental society, exceptional visions and personal talents may make an outstanding leader the core cohesive force driving the whole organisation to move forward. However, a model of management dominated by personal success as such may give rise to the key concerns of perpetual development and sustainability of efficiency of an enterprise. Any leader of any great vigor must face the passage of time and change of era. This is the universal truth and necessarily challenges the development of such enterprises.



Chairman's Statement



“An incompetent leader makes the best out of his own ability; a fair leader makes the best out of others’ efforts; a brilliant leader makes the best out of others’ wisdoms”, said Han Feizi, an ancient Chinese philosopher. In other words, a good leader shall be good at pooling together wisdoms in addition to efforts, to drive motivation for the sound management of a country with collective mental competence. The western style of management of modern enterprises in a scientific approach further enlightens the traditional Chinese wisdoms on management.

Based upon statutory powers, a modern enterprise establishes its internal management system with clearly-defined functions. Workflows are handled in a standardised and scientific way, to stress accuracy, perpetuity, disciplines, sternness and reliability within an organisational structure using the golden rules of division of labour and hiring of the best talents. As such, each and every segment of an enterprise is led to the same direction, and employees are therefore steered to the same clear goals and values, delivering the best performance under the spirit of unity, and sharing the fruits of accomplishments of the enterprise. This lays a solid foundation for the long-term development of an enterprise, to support its ongoing business growth.

Since its establishment in 1970, New World Group has accumulated extensive experience and established a strong base in different areas of property development. In recent years, the Group has been keen on making changes, seeking to proactively conduct thorough review and fine tuning of strategies regarding management team, management structure, workflows as well as project portfolios, product quality and service delivery, under a modern and scientific management model and adhering to the spirit of “邁步向前 • One Step Forward” of New World Group. It is through such deeds that we will be able to observe and analyse things from a novel perspective, identify pros and cons at the very basic and essential structure, and respond to the specific issues with boldness and creativity in a step-by-step and systematic approach, to enhance the efficiency of teamwork and operational effectiveness of the production chain, thereby boosting the

overall competitiveness of the core business of property development. Meanwhile, we have also taken the initiative by studying extensively the needs of the general public and the feedback from the consumers. We look for inspirations and room for improvement from the consumers, seeking to enhance the quality of both our products and services, and thereby creating brand-new experience of life and living for the general public which is uniquely available under the New World brand.

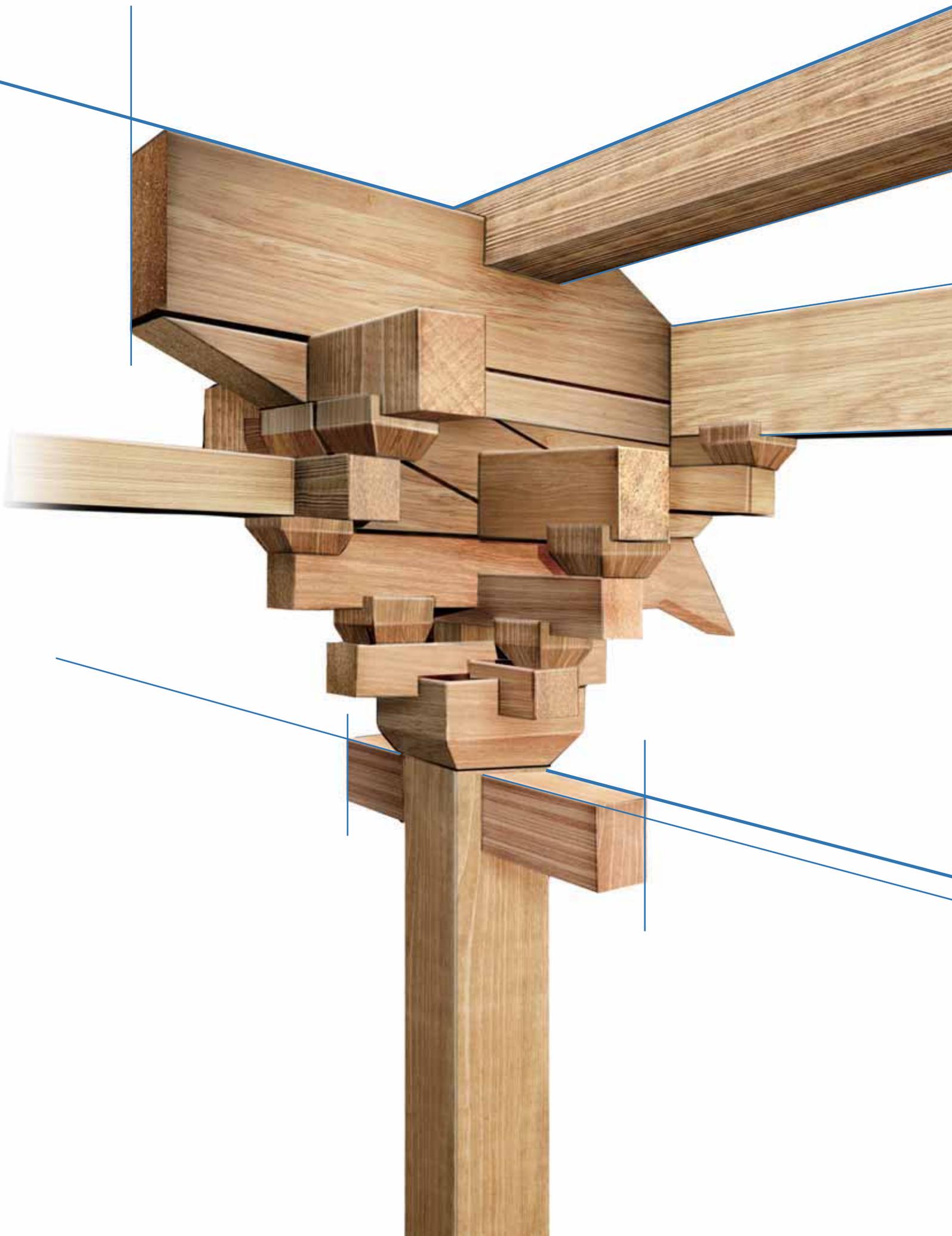
Looking back at FY2013, New World Group achieved satisfactory results in property sales, land acquisitions and project management. “The Signature” at Tai Hang and “The Riverpark” at Sha Tin recorded satisfactory sales, with product quality widely recognised by the market. Winning the tender of Sai Yee Street project in Mong Kok and West Rail Tsuen Wan West Station TW6 project has secured stable resources for our development cycle. The continual enhancement in the quality of assets in our portfolio of investment properties has secured better return to assets for the Group. All these accomplishments are attributable to our highly loyal, reliable and experienced management and staff members. These represent precious and fruitful results of their seamless cooperation, and are important milestones for New World Group in its pursuit for changes and progress.

In the future, the market will be posed with challenges amidst the external economic conditions. Under the spirit of “邁步向前 • One Step Forward”, with modest and pragmatic attitude, and with boldness and creativity, New World Group is ready to make ongoing efforts in excelling in its property development business and continue to pursue opportunities for development and room for improvement, so as to deliver excellent products to the general public, explore new living experience for residents, and maximise the interests of our stakeholders.

Dr. Cheng Kar-Shun, Henry

Chairman

Hong Kong, 26 September 2013





Enrich People's Living Property

Our sizable property portfolio in Hong Kong and Mainland China embraces residential estates, office buildings, shopping centres, hotels, service apartments and convention centres. Merging nature, design and technology, we enrich people's daily living, and turn their dreams into reality.

Joint General Managers' Report – Property



Hong Kong Property Sales

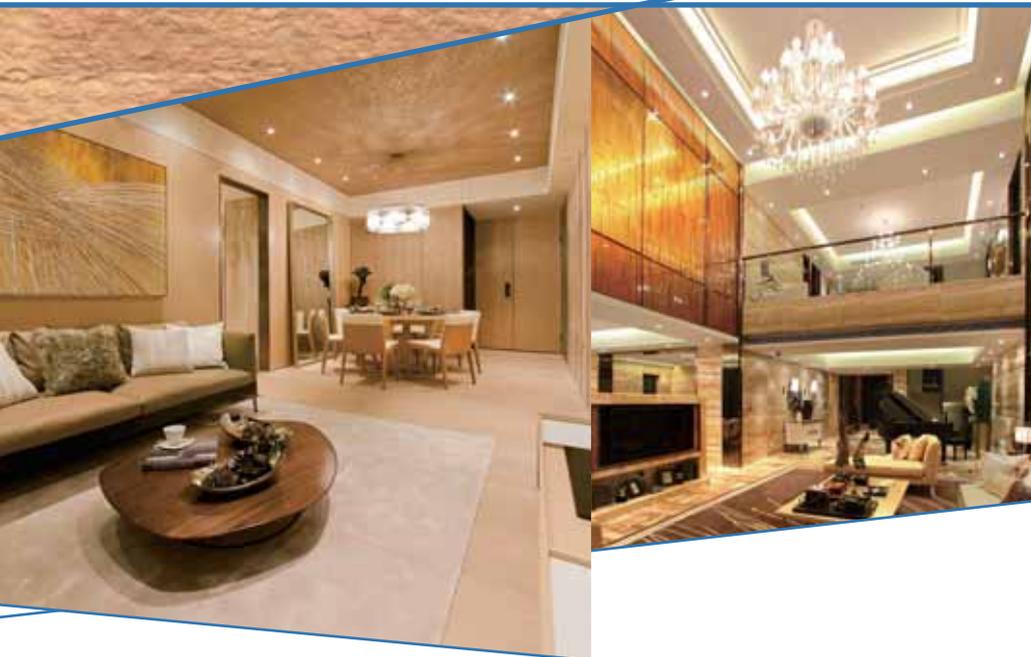
Benefitting from the successive introduction of economic stimulation measures in various countries and driven by the favourable news about the US Federal Open Market Committee's reiteration in 2012 of the continual enforcement of its all-time low interest rate in the short run, the Hong Kong residential property market remained its robust development momentum in the first half of 2012. Since then, the Hong Kong Government announced a series of measures to curb the speculative activities in property market by administrative means, and the momentum cooled down.

In October 2012, the Hong Kong Government first introduced the Buyer's Stamp Duty ("BSD"), uplifted the rate of the Special Stamp Duty ("SSD") and extended its applicable period to three years from two years. In February 2013, the Hong Kong Government announced the general uplifting of the rate of ad valorem stamp duty ("AVD") applicable to the property transactions, under which AVD to be charged to any Hong Kong resident in purchasing his or her second suite of housing property costing less than or equal to HK\$2 million would be 1.5% of the transaction amount, up from the formerly applicable levy of HK\$100 per transaction, whereas rate of AVD for any transaction of property costing more than HK\$2 million would be doubled, the maximum rate is set at 8.5% from the formerly applicable rate of 4.25%. Such new measure would apply to all properties, both

residential and non-residential ones. Under these series of measures preventing further escalation in housing prices, the market and home-buyers showed a "wait-and-see" sentiment. There has been a lot of uncertainties underlying the territory's residential property market in the midst of digesting such new measures.

It has always been an utmost concern for the Hong Kong Government to resolve issues relating to Hong Kong people's livelihood including those arising from the property market and the insufficiency of land available for residential development. Since the fourth term government commenced in July 2012, a number of principal officials of the Hong Kong Government have taken the initiatives to provide solutions to the problem of heavy housing burden faced by home buyers and imbalanced supply and demand of residential housing units, contributing positively to the healthy and steady development of the territory's property market in the long run. However, policies on the supply of land rely on longer-term town planning and development. The limited availability of inventories of readily-available residential units, the obstructed progress of new launches of residential projects as the sector was still trying to adapt to the newly-implemented Residential Properties (First-hand Sales) Ordinance which came into effect at the end of April 2013, and the vast and rigid demand for home purchases from the local public, are all expected to contribute to the excessive demand over supply in the local residential property market in the short run.

Joint General Managers' Report – Property



Hong Kong landbank Attributable GFA (sq ft)

30 June 2013

9,274,291

30 June 2012

9,394,249

Hong Kong agricultural landbank Total land area (sq ft)

30 June 2013

20,547,500

30 June 2012

20,425,500

Centa-City Leading Index, which reflects the latest trend of Hong Kong's residential property prices, was 120.86 as of 1 September 2013 or an increase of 5.3 percentage points from early of January 2013. At the same time, transaction volume of the secondary residential property market started to stabilise since mid-May in 2013. The market demonstrated high demand for residential property units, especially those small to medium sized flats available at affordable market prices and those products offering enhanced living spaces and experience are highly popular among first-time home-buyers and upgraders.

For FY2013, the Group's total revenues from property sales in Hong Kong and Mainland China amounted to HK\$24,249.2 million, up 92.0% year-on-year. In particular, revenue from property sales in Hong Kong was primarily attributable to the sale of residential units completed within this financial year, including "The Signature" in Tai Hang, "The Riverpark" in Sha Tin and "Double Cove" in Ma On Shan; and "The Masterpiece" in Tsim Sha Tsui which is a residential project completed in previous financial years.

As a major property developer in Hong Kong, the Group provides home-buyers with quality and unique living experience by offering products of top-notch quality, leveraging upon its extensive experience in the property development in Hong Kong. Market responses to the

Group's launches of residential projects have been positive, with all units being sold out in "The Signature", of which the Group acted as the lead developer, and over 90% residential units being sold out in "The Riverpark".

Since the Residential Properties (First-hand Sales) Ordinance became effective on 29 April 2013, pre-sale consents were obtained for Tai Tao Tsuen project (launched under the project name of "The Woodsville") and Lung Tin Tsuen project (launched under the project name of "Park Signature") in Yuen Long in May and July 2013 respectively, and these two projects were promptly put to the market to meet the home-buyers' needs.

"The Woodsville", an agricultural land conversion project wholly owned and developed by the Group, obtained the pre-sale consent in May 2013. "The Woodsville" was the fifth new residential project obtaining pre-sale consent from the government in 2013, and also the Group's first new residential project launched after the implementation of the Residential Properties (First-hand Sales) Ordinance. It was launched to the market in July 2013.

Upon obtaining the pre-sale consent in July 2013, "Park Signature", another agricultural land conversion project wholly owned and developed by the Group, was launched to the market in late August 2013, following the favourable response to the Group's launching of "The Woodsville".

Joint General Managers' Report – Property

The Group has actively reviewed its launch plan of new residential projects by assessing the changes in and the needs of the customers according to market condition. As at 15 September 2013, the Group is awaiting the granting of pre-sale consents for the Hung Shui Kiu project in Yuen Long, which is wholly owned and developed by the Group; Site C, Austin Station project in Southwest Kowloon, which is a joint-venture project; and Phase 2 of the Lok Wo Sha project in Ma On Shan, which is a joint development project. Together with the old building redevelopment projects on Hong Kong Island, it is expected that these new projects will bring a strong momentum to the Group's property sales business.

Apart from the sale of residential properties, the Group has also proactively reviewed its asset portfolio and disposed certain retail shops and car parks in residential properties. In FY2013, the Group's effective share of sales proceeds from disposals of non-core assets amounted to approximately HK\$126.4 million.

Meanwhile, Riviera Plaza Arcade, a property over 20 year-old in Riviera Gardens in Tsuen Wan, a contract was entered to dispose of this property in January 2013. The whole 3rd floor of New Town Commercial Arcade, which is a nearly 30 year-old property and located at the podium of New Town Mansion in Tuen Mun was disposed in April 2013. Currently, the Group is actively negotiating with potential investors on its non-core assets.

The Group has been pursuing to replenish its landbank through various means, including public auction and tender, old building redevelopment as well as agricultural land conversion. Land resources consumed in current development will be actively replenished to ensure the Group has a steady pipeline of land supply in the coming years and to allow for planning and development of property projects and strategies in the long-term.

In September 2012, the Group won the tender from The Urban Renewal Authority for the development of Sai Yee Street project in Mong Kok. The project has a site area of about 26,673 sq ft. Upon completion, it is expected to deliver a residential GFA of approximately 186,712 sq ft and a multi-level commercial portion with GFA of about 53,346 sq ft.

In January 2013, a joint-venture company formed by the Group and Vanke Property (Hong Kong) Company Limited won the tender of the West Rail Tsuen Wan West Station TW6 project from MTR Corporation Limited. The project, with a total site area of approximately 150,000 sq ft, can be developed into two residential buildings with residential GFA of over 670,000 sq ft.

In March 2013, a joint-venture company formed by the Group and various developers won the tender of a commercial land parcel located at Tung Chung Town Lot No. 11 at the junction of Tat Tung Road and Mei Tung Street, Tung Chung at a consideration of approximately HK\$2.3 billion. The total site area of the project is approximately 110,000 sq ft and can be developed into GFA of over 530,000 sq ft.



Joint General Managers' Report – Property

The three aforesaid tenders contributed an additional GFA of approximately 860,000 sq ft to the Group's attributable landbank available for immediate development in FY2013.

As at 30 June 2013, the Group has a landbank of around 9.3 million sq ft total attributable GFA for immediate development, of which around 55% was in the urban area and the Group's effective share of GFA for residential property development amounted to approximately 5.6 million sq ft. Meanwhile, the Group has a total of approximately 18.9 million sq ft of agricultural land reserve pending for conversion, ranking it one of the developers with the largest agricultural land reserve in Hong Kong.

Landbank by location	Attributable GFA (sq ft)
Hong Kong Island	692,969
Kowloon	4,385,962
New Territories	4,195,360
Total	9,274,291

Agricultural landbank by location	Total land area (sq ft)	Attributable land area (sq ft)
Yuen Long	14,311,500	13,059,000
Fanling	2,590,000	2,386,000
Sha Tin/Tai Po	2,162,000	2,162,000
Sai Kung	1,364,000	1,170,320
Tuen Mun	120,000	120,000
Total	20,547,500	18,897,320

Hong Kong Investment Properties

Amidst the uncertainties posed by the external economic environment, the retail industry of Hong Kong experienced a period of slowdown in 2012, reporting a 9.8% year-on-year growth compared to the record high of 24.9% in 2011. However, the strong growth in visitor arrivals and the robust consumption power of visitors from Mainland China as well as the stable labour market of Hong Kong represented favourable factors to bring the territory's retail industry back on track in 2013. For the first four months of 2013, the total retail sales value and volume of Hong Kong went up by 16% and 15% year-on-year respectively. Jewellery, watches and luxurious gifts accounted for a substantial portion of the sales growth, while other products also reported satisfactory growth in sales.



Joint General Managers' Report – Property

As a gateway to the market of consumer goods in Mainland China and a key strategic hub for brand promotion in the Asia-Pacific region, Hong Kong provides opportunities for retailers to promote their brands to the broad base of visitors from Mainland China. Statistics showed that in 2012, Hong Kong was considered the most preferred city in which global retailers would like to establish their presence and it attracted a total of 51 new retailers to establish their presence in the territory, beating Singapore which ranked No. 4 and Tokyo which ranked No. 7 in Asia. Those brands are primarily from Europe, and from other countries including the United States, Japan and Korea to a lesser extent. Most of them have opened their signature stores in traditional prime shopping locations, offering a wide array of products ranging from luxury goods to unique brands targeting the general public.

Traditional prime shopping locations are the top choice for visitors to Hong Kong for shopping. This strong customer flow has heightened demand from major international brands for retail shops located in prime areas including Central, Tsim Sha Tsui and Causeway Bay. As a result of the limited supply and sustainable high level of rental rates in the core areas of these locations, retailers are increasingly opening their new stores in the periphery of those regions for rationalising rental expenses. Prime shopping locations are in turn extending further out, fuelling the upsurge of rental rates in those peripheral areas.

In addition to the pursuing rental cost reduction on retailers' part, the change in the consumption pattern of visitors from Mainland China also contributed to the extension of shopping hot spots from traditional core retail areas to their peripheries.

Visitors from Mainland China are now increasingly taking one-day tour to the territory for shopping. They prefer shopping spots in the New Territories which are easily accessed from Mainland China via convenient transportation. Major shopping malls in districts including Tsuen Wan, Sheung Shui and Sha Tin are among their top priorities for their one-day Hong Kong tours. This trend has drawn the attention of international and local prestigious brands which become more inclined to extend their businesses to those districts and this in turn has driven the retail performance of such new and emerging areas for shopping and consumption.

The volatility in the global economy and the uncertainties underlying European debt crisis and the United States' economic recovery in 2012 had affected the budgets planning in major multinational enterprises and had, in some cases, led to restructuring human resources hierarchy and tightening budgets for business expansion. Statistics showed that the first quarter of 2013 was a period in which the take-up and leasing of top-grade office buildings in certain major economic and financial centres in Asia-Pacific region continued to slow down, and it was especially the case for finance-related corporations. The more prudent approach adopted by the enterprises to control rental expenses had affected the rental performance of high-end office buildings.



Joint General Managers' Report – Property

As an Asian financial centre, Hong Kong remained its No. 1 global ranking in rental rates of Grade A office buildings as per statistics at the end of 2012, over and above other international financial clusters including London West, Tokyo, Paris and New York. In fact, apart from its sound geographical location, free flow of capital and corporate regulatory framework, Hong Kong's pivotal role as the major gateway for going outbound to domestic enterprises in Mainland China is also a reason why the rental performance of Hong Kong's Grade A office buildings remains robust as compared to that with other regions.

In line with the nation's "out-bounding" initiative, Chinese enterprises are in active pursuit of international business expansion. Many enterprises with solid strengths would prefer to establish their offshore branches in Hong Kong, which boasts similar culture and regulatory framework and also a well-developed financial market, and through this springboard which they can access to the international market. The emergence of these enterprises represents new demand for Hong Kong's market of top-grade office buildings. Among all major securities firms in Mainland China, for example, 23 of them have established their subsidiaries in Hong Kong as paving the way for "international development from a domestic business".

Following the prudent approach adopted by some finance-related enterprises in their leasing of Super Grade A office buildings located in central business districts including Central and Admiralty in view of uncertain economic outlook, the relocation of some non-core business divisions to new commercial districts offering lower

rental costs for cost reduction purposes has resulted. An increasing number of enterprises are expecting a new cycle of rental reversion and are therefore willing to lock in earlier a rental at this stage by leasing for office space in the central business district of supreme quality, so as to accommodate the needs for business enhancement or expansion as the market goes bully. In particular, some major tenants including banks, financial institutions and law firms are planning for business expansion. In general, there have been signs showing that the overall rental rates of Grade A office buildings in Hong Kong are gradually back on track since the second quarter of 2013.

It is reported that the new supply of Grade A office buildings will continue to be very tight in 2013 and 2014, with new supply being mainly available in non-core commercial districts. It is projected that new supply of GFA of 1.45 million sq ft will be available in 2013, while less than 900,000 sq ft will be available in 2014. With the anticipated tight supply of office space especially in central business districts including Central, the further upsurge of demand and the better-than-expected economic data on the second quarter of 2013 released by the United States, market sentiment is turning positive and firms are starting to work on their budgets and development plans for the next year. These are believed to provide support for the overall rental level in the market.

In FY2013, the Group's gross rental income in Hong Kong amounted to HK\$1.46 billion, an increase of 10.9% year-on-year. All major properties of the Group's investment properties portfolio attained satisfactory occupancy.



Joint General Managers' Report – Property

For commercial properties, benefitting from the steady performance of the overall Hong Kong retail market, strong visitors traffic together with their strong consumption power, the Group's K11 in Tsim Sha Tsui and Pearl City in Causeway Bay, both located in traditional prime shopping areas, recorded high pedestrian flow in FY2013. K11, which is located in the prime retail and tourism district in Tsim Sha Tsui, delivered satisfactory rental performance with an average monthly pedestrian flow of over 1.1 million. Pearl City, located in the trendy locality of Causeway Bay, recorded high pedestrian flow and a 100% occupancy rate, following the property refinements and quality enhancement works completed in December 2012.

Telford Plaza in Kowloon Bay, which is located in a non-core commercial area, reported satisfactory rental performance along with the redevelopment of Kowloon East and driven by daily patronage from local residents. For Discovery Park Shopping Centre, which is located in Tsuen Wan, a densely-populated cross-border transportation hub in the western part of Hong Kong, has become popular in recent years among visitors from Mainland China on one-day Hong Kong tours. Renovation works commenced in the fourth quarter of 2012 and the first phase has been successfully completed. It is expected that the entire renovation will be completed in phases by 2015, upon which local residents and consumers from Mainland China will enjoy their fresh shopping experience.

For the Group's office buildings, New World Tower and Manning House, which are Grade A office buildings located in the traditional prime commercial area on Queen's Road Central, Central, interior renovation and facilities upgrade have been substantially completed. A brand-new retail space with a ground-floor portion and a mezzanine portion

in New World Tower, together with other retail shops on the concourse, have been leased out, providing additional rental income to the Group. Essentially office spaces at various floors of the buildings have been fully leased and, in fact, their rental performance was relatively more stable than waterfront Super Grade A office buildings in the same district, as the tenants are mainly composed of medical centres, law firms and local leading enterprises, of which the industries they are operating in are relatively less affected by the external economic environment.

In FY2013, Shanghai K11, the first art mall in Mainland China, was opened on 28 June 2013. Enshrining the core concept of the K11 brand, the project creates brand-new shopping experience and a community of multicultural living area to the consumers. In the next 5 to 6 years, K11 brand and its communities of multicultural living area will come on stage in Hong Kong, Beijing, Guangzhou, Wuhan, Tianjin, Qingdao, Shenyang, Haikou, Ningbo and Guiyang etc., to carry on with the journey of artistic creation.

For investment properties under development, the redevelopment project of New World Centre at the prime location of Tsim Sha Tsui promenade, is currently the most important redevelopment project of the Group and is also considered a major development project on Kowloon Peninsula. The redevelopment has fully commenced in FY2013. The demolition works of old buildings have been completed and the works for foundation, piling and basement construction are in progress.



Joint General Managers' Report – Property

Mainland China properties

Over the years, uncertainties and instability in the global economy and Mainland China's environment have caused ripples on Mainland China's economy and social development. In order to secure a healthy and balanced development in the overall economy, the Central Government has strengthened its tracing, monitoring and analysing over the domestic and international conditions to ensure the nation's strategies in capturing growth opportunities, suppressing inflation, reducing risks and promoting economic transformation are working well altogether.

In July 2013, at the meeting of the Political Bureau of the Central Committee, Xi Jinping, the General Secretary of the Communist Party of China, advocated that protecting and improving people's livelihood would be the starting point and the ultimate goal of the government. The Central Government will continue to optimise its austerity measures on property market and speed up the establishment of the long-term mechanism for stable development of the property market to secure the development of more affordable housing.

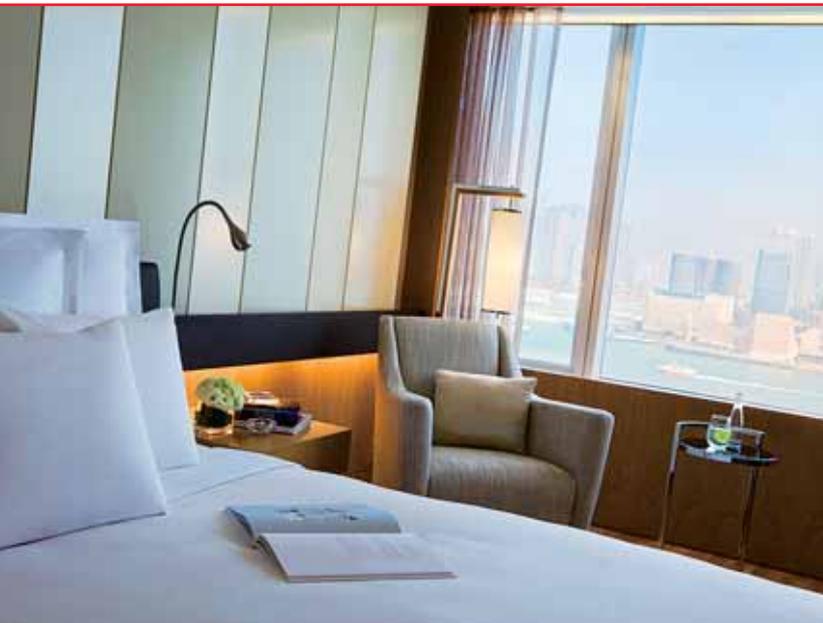
In fact, the Central Government has constantly adjusted its austerity measures on property market in a timely and moderate manner based on the market condition. However, process of urbanisation, natural population growth and the concrete demand for residential properties pushed up the transaction volume and average price of residential properties.

According to the statistics, the overall transaction volume of residential properties in Mainland China has climbed since the end of 2012 and aroused the developers' interest in land, which in turn increased their holdings in land reserve with development potential for future strategic development in the long-run.

Following the steady development of property market in Mainland China, the overall property contracted sales of New World China Land Limited ("NWCL") in FY2013 reached a total GFA of 1,274,851 sq m amounted to RMB16,528 million, representing a year-on-year increase of 63% and 69% respectively. Gross profit margin of the overall property sales was 42%, representing a year-on-year decrease of 8 percentage points, which was mainly attributable to the difference in property sales mix.

NWCL's overall performance of rental operations has improved in FY2013, which was due to the increase in the average rental rate of Wuhan New World Centre, Wuhan New World International Trade Tower, Shanghai Hong Kong New World Tower and Shunde New World Centre as well as the increase in occupancy rate at The Canton Residence in Guangzhou.





Relationship Hospitality

Hotel Operations

Our hotel portfolio comprises a range of deluxe and lifestyle hotel properties across Hong Kong, Mainland China and Southeast Asia, gaining wide popularity of business travellers and event planners. Our hotels strive to offer a full range of excellent amenities and services, reflecting the history and culture of the cities where they are located.



Joint General Managers' Report – **Hotel Operations**



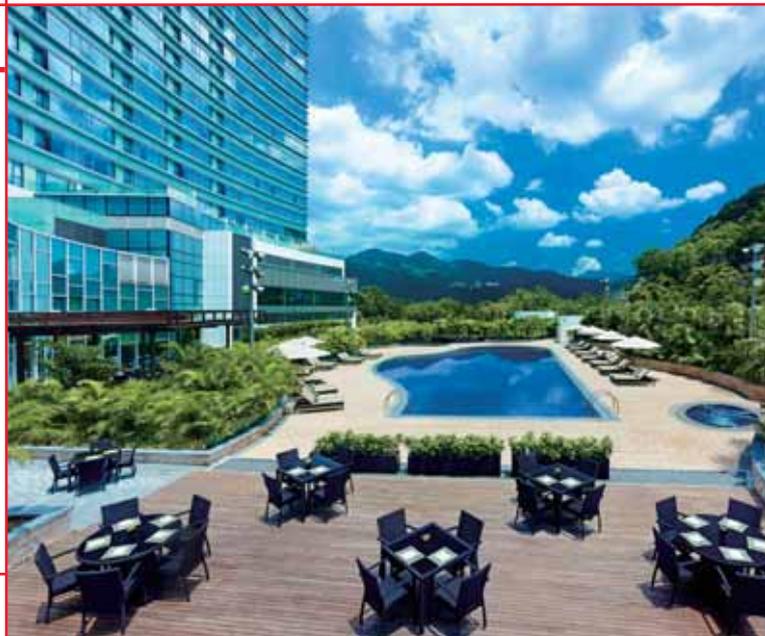
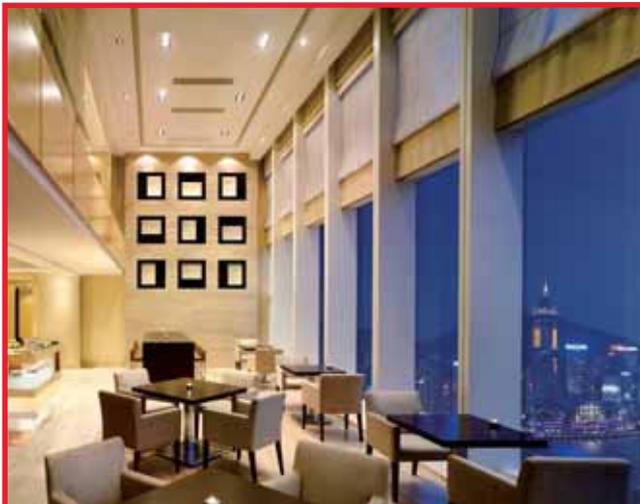
According to the statistics of The Hong Kong Tourism Board, visitor arrivals to Hong Kong reached 48.6 million in 2012, up 16% year-on-year. Overnight visitors accounted for 49% of all visitor arrivals to Hong Kong and totalled 24 million, representing a year-on-year increase of 7%. Total spending related to visitor arrivals amounted to HK\$306.5 billion in 2012, increase 17% year-on-year. Consumption per capita for overnight visitors was approximately HK\$7,819, up 4.7% year-on-year. Driven by the continual growth in visitor arrivals to Hong Kong, the hotel industry and hospitality industry were also benefitted.

The gradual recovery of the United States' economy has fuelled business activities and the frequent flow of related travellers. As an important financial centre in the Asia-Pacific region, Hong Kong has excellent supporting facilities for business conferences. It follows that those hotels located in core areas of commerce and exhibitions, especially those operated by well-known hospitality brands, are seeing continual improvement in their occupancy rates, leveraging upon their reputation and extensive base of loyal customers in European and American countries.

Similar situation happens in the commercial customers from Mainland China. Visitors from Mainland China have been spending more on hotel accommodation, from HK\$9.2 billion in 2003 to HK\$34.6 billion in 2011, representing a compound annual growth rate of 18%. With an increasing volume of commercial activities between Hong Kong and Mainland China, more and more Chinese enterprises are establishing their regional headquarters and offices in Hong Kong. Investors from the Asia-Pacific region tend to treat Hong Kong as an interactive business platform. These are factors fuelling the demand from business travellers from Mainland China for staying in certain luxury hotels located in core commercial districts.

The Group's hotels in Hong Kong are the major contributors to the segment results of the Group's hotel operations. Core hotels include Grand Hyatt Hong Kong, Renaissance Harbour View Hotel, Hyatt Regency Hong Kong, Tsim Sha Tsui and Hyatt Regency Hong Kong, Sha Tin.

Joint General Managers' Report – Hotel Operations



Grand Hyatt Hong Kong, which is highly prestigious in the Asia-Pacific region, is undergoing renovation of the largest scale since its commencement of operation in 1989. Through its asset enhancement scheme, the Group intends to maintain its competitiveness among Hong Kong Tariff A hotels, and uplift revenues for guest rooms and food and beverage services. The renovation will be conducted in phases in the next four years, including the renovation works on the Grand Ballroom and the Grand Rooms, which had been completed in the third quarter of 2013, and the renovation of guest rooms in phases in the next few years. The first phase of guest room renovation will cover more than 60% of the guest rooms and the expected completion will be in the early fourth quarter of 2014. The substantial renovation works had its negative impact on the occupancy rate of Grand Hyatt Hong Kong, and in turn limited its contribution to the results of the Group's hotel operations in FY2013.

At Renaissance Harbour View Hotel, major renovations have been in place since 2008 and the works have been substantially completed. Approximately 90% of the guest rooms are now available in brand-new outlook. Average room rates have reported satisfactory growth following the renovation. Outstanding renovation works are in progress for guest rooms on the top floor, lounge at concourse, and Dynasty, the award-winning restaurant offering Cantonese cuisine.

Hyatt Regency Hong Kong, Tsim Sha Tsui and Hyatt Regency Hong Kong, Sha Tin, both commenced operations in 2009, achieved satisfactory performances in terms of occupancy and average room rates in FY2013. For Hyatt Regency Hong Kong, Tsim Sha Tsui, average occupancy reached 86.5% and average room rates increased to HK\$2,137. For Hyatt Regency Hong Kong, Sha Tin, average occupancy reached 79.7%.

Joint General Managers' Report – Hotel Operations

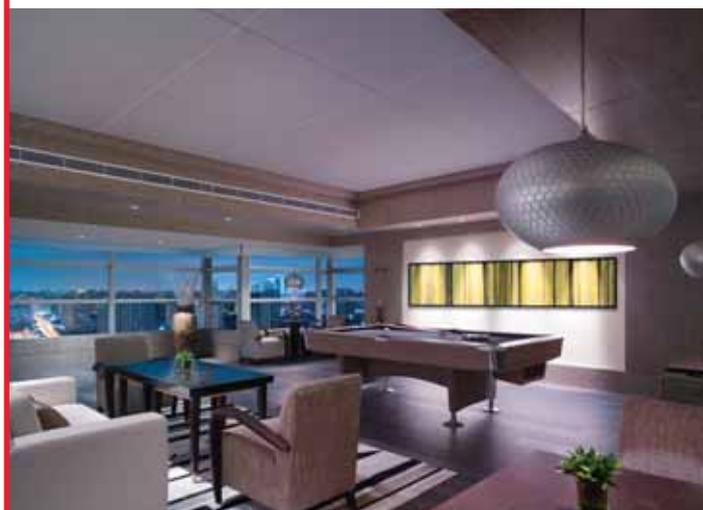
On 2 May 2013, the Group announced the proposed spin-off of certain of the Group's hotels in Hong Kong for separately listing on The Stock Exchange of Hong Kong Limited. NW Hotel Investments is formed as a fixed single investment trust in Hong Kong with a focus on the hospitality industry ("the Proposed Spin-off"). NW Hotel Investments has been established primarily to own and invest in a portfolio of completed hotels in Asia which are managed under internationally recognised hotel brands, with an initial focus on completed hotels located in Hong Kong. The initial hotel portfolio will comprise Grand Hyatt Hong Kong, Renaissance Harbour View Hotel and Hyatt Regency Hong Kong, Tsim Sha Tsui.

By means of the aforesaid listing, the Group intends to further unlock the value of the Group's hotel projects, create a separate investor base for its own hotels portfolio, give separate fundraising platforms for NWD and NW Hotel Investments, enhance financing flexibility, and allow fundraising for the Group to enable it to continue

to expand its existing businesses. The Group sees NW Hotel Investments as a long-term investment platform and will continue to closely watch the market conditions and proceed with the listing of its hotel properties as and when suitable opportunity arises.

The Directors are still considering whether or not to proceed with the Proposed Spin-off and there is no assurance that the Proposed Spin-off will take place or as to when it may take place. Further announcement(s) will be made by the Company in relation to the Proposed Spin-off as and when appropriate.

New World Hotel Group was renamed as the Rosewood Hotel Group on 29 May 2013. The Rosewood Hotel Group is a fast-growing international hotel management company, with three distinct hotel brands, namely the ultra-luxury Rosewood Hotels & Resorts, the deluxe New World Hotels and the design-driven pentahotels. Currently, the Group has a total of 10 hotel properties which are operated by Rosewood Hotel Group.



Joint General Managers' Report – Hotel Operations

It is expected that a number of hotels under the Group will commence operations in FY2014, including pentahotel Hong Kong, Kowloon which is located in Kowloon East and near the Kai Tak Cruise Terminal. Soft opening in August 2013 and being the first project in Hong Kong under the pentahotel brand, pentahotel Hong Kong, Kowloon offers approximately 695 guest rooms (297 guest rooms during the period of trial run). The ultra-luxury Rosewood Beijing, formerly known as New World Beijing Hotel, located in the core area of Chaoyang District in the national capital of Beijing, is expected to commence operations in 2014. The first project in Mainland China under the Rosewood Hotels & Resorts brand, Rosewood Beijing provides approximately 284 guest rooms.

Currently, the Group had a total of 16 hotel properties providing 7,675 guest rooms in Hong Kong, Mainland China and Southeast Asia.



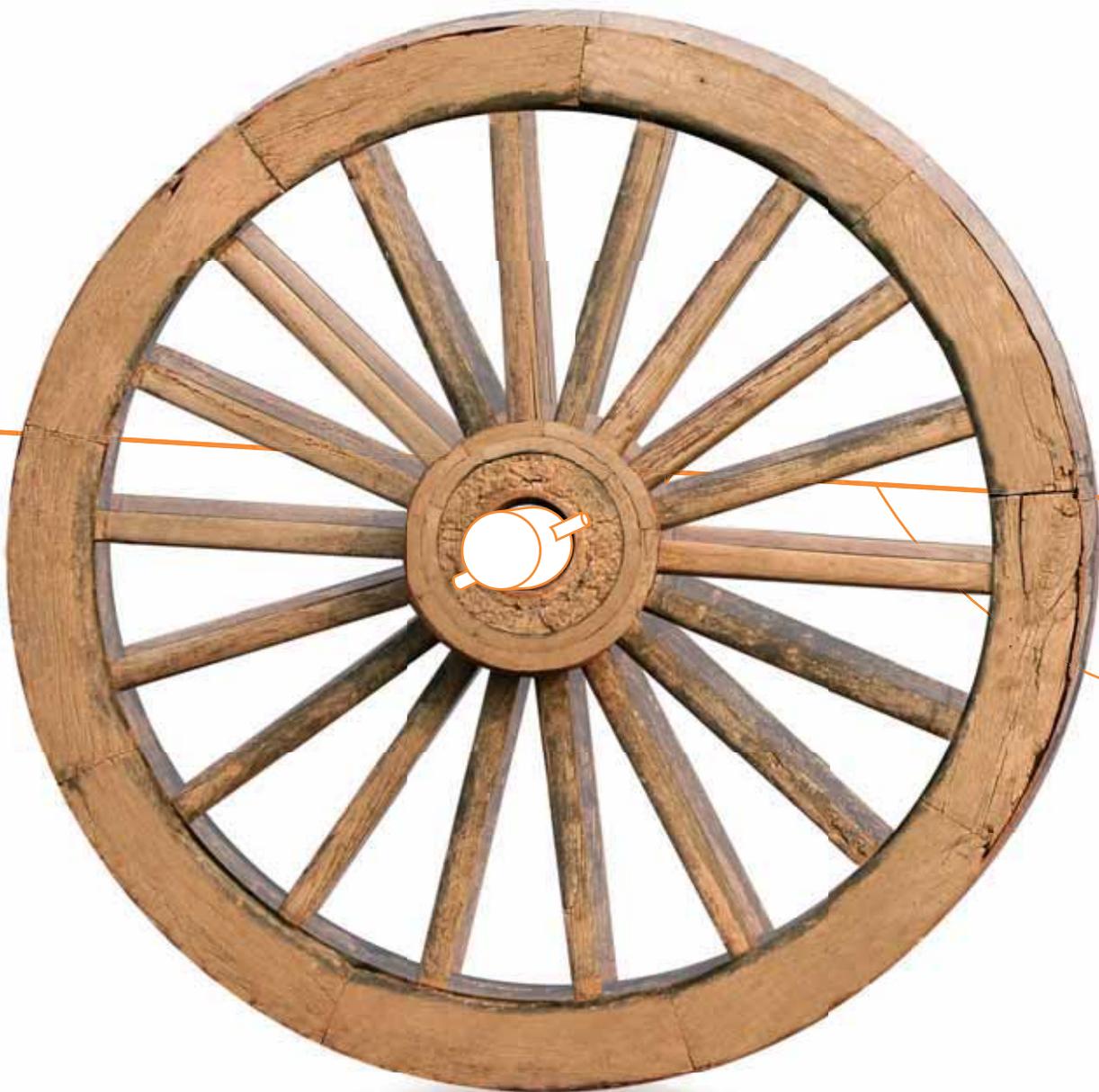
Accelerate Country's Advancement

Infrastructure and Service

Our investments in infrastructure projects span over Hong Kong, Mainland China and Macau, operating vital utility services and infrastructure facilities. We bring warmth and light to millions of homes; we facilitate high mobility of people and goods.

Our service businesses provide an unrivalled breadth and depth of expertise that stretches from facilities management, contracting & transport to strategic investments. As we move forward, we continue to support economic development and sustain the nation's growth.





Joint General Managers' Report – Infrastructure and Service



NWS Holdings Limited (“NWSH”) achieved a profit attributable to shareholders of HK\$4,008.0 million for FY2013, representing a decrease of 23.7% as compared to FY2012, which was mainly due to the recognition of approximately HK\$1.8 billion one-off dilution gain from the listing of Newton Resources Ltd (“Newton Resources”) in FY2012. Excluding the exceptional dilution gain, profit attributable to shareholders in FY2013 increased by 17.6% as compared to FY2012.

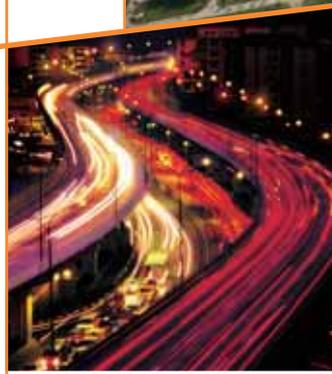
Infrastructure

NWSH’s toll revenues were negatively affected by the implementation of toll standardisation policy in Guangdong Province and the introduction of the Holiday Toll-free Policy in 2012. These negative impacts were offset by the increased contribution from the acquired Hangzhou Ring Road, NWSH’s shareholding of which increased from 58.66% to 95% in January 2012.

NWSH’s expressways in the Pearl River Delta Region generally reported healthy traffic growth in FY2013 although the toll revenues had been negatively impacted by the adverse toll policies. Average daily traffic flow in Guangzhou City Northern Ring Road grew by 17% mainly due to the opening of a new interchange in June 2012. The traffic flow of both Shenzhen-Huizhou Expressway (Huizhou Section) and Guangzhou-Zhaoqing Expressway registered solid growth of 8% and 10% respectively. The contribution of Tangjin Expressway (Tianjin North Section) was affected by the partial closure of the expressway which commenced in June 2012 in order to carry out expansion works.

As coal prices continued to decline, the contribution of the energy business rebounded in FY2013. Electricity sales volume of Zhujiang Power Plants, however, reduced by 19% in FY2013. The decrease was mainly due to the weakened demand in Guangdong Province together with more hydro-electricity being imported from the western provinces which experienced higher level of rainfall in FY2013.

Joint General Managers' Report – Infrastructure and Service



Coal trading volume of Guangzhou Fuel Company increased by 18% in FY2013. However, falling coal prices and market volatility during FY2013 continued to put pressure on the trading margin. Meanwhile, in line with the booming entertainment and tourist industry in Macau, electricity sales volume of Macau Power continued to grow healthily by 5% in FY2013.

Aided by the economic development in Chongqing, sales volume of Chongqing Water Plant grew by 7% while waste water treated by Chongqing Tangjiatuo Waste Water Plant and the Chongqing CCIP Water Treatment Plants increased by 15% and 14% respectively in FY2013. Chongqing Water Group (“CWG”) continued to be a key contributor to the water business as apart from revenue growth, CWG’s results further benefitted from an exchange gain on its Japanese yen borrowings in FY2013.

Shanghai SCIP Water Treatment Plants reported a healthy growth of waste water sales revenue by 12%. Profitability of the water business in FY2013 was however partially offset by escalating operating costs in Mainland China.

In February 2013, NWSH announced the establishment of the Joint Venture Company with other major port operators in Xiamen which would involve the injection of its two port investments in Xiamen – NWXY Terminal and Xinhaida in exchange for a 13.8% interest in the Joint Venture Company.

As a key contributor, ATL Logistics Centre recorded a remarkable occupancy rate of 99%. The keen demand for logistics and warehouse facilities in Hong Kong drove its average rental rate up by 5% during FY2013. NWS Kwai Chung Logistics Centre, which commenced operation in December 2011, was fully leased out and provided a full-year contribution to this segment in FY2013.

In FY2013, total throughput of China United International Rail Containers Co., Limited increased by 2% from 1,508,000 TEUs to 1,537,000 TEUs while revenue increased by 8% mainly due to the tariff hike in February 2013 and rising demand for ancillary logistics services.

Joint General Managers' Report – Infrastructure and Service



Service

FY2013 saw the continuous steady growth of business events and activities at Hong Kong Convention and Exhibition Centre (“HKCEC”). During the year, 1,180 events were held at HKCEC with a total patronage of approximately 5.2 million. Through upgrading its complex and facilities, revenue from exhibition rental and food and beverage has continued to record healthy growth. Improvement in food and beverage margin was likewise notable in FY2013.

Free Duty’s tobacco and liquor retail business at all land border crossings continues to thrive and experience remarkable growth by capitalising on the strong patronage of high-spending visitors from Mainland China. This growth helped to mitigate the impact of the expiration of the concession contract at the Hong Kong International Airport in November 2012 and the renewed concession terms.

In FY2013, the contribution of the construction business recorded an increase of 25% year-on-year, mainly due to the non-occurrence of loss provision for certain construction projects in FY2012. As at 30 June 2013, the gross value of contracts on hand for the construction business was approximately HK\$43.9 billion.

Transport business reported a 9% increase in contribution in FY2013, mainly attributable to the increase in fare revenue in connection with passenger growth.

The corporate services business of Tricor Holdings Limited (“Tricor”) performed solidly during FY2013 and captured about 46% of new listings in Hong Kong. Its business operations in Hong Kong, Singapore and Mainland China altogether contributed about 82% of the total profit of Tricor in FY2013.

Haitong International Securities Group Limited (“Haitong International”) achieved outstanding performance in its brokerage and retail margin financing, structured financing and fixed income, currency and commodity businesses. Moreover, the cost to revenue ratio fell markedly, driving profit margin to rise further. In 2013, Haitong International carried out a series of large financing projects, including rights issue, syndicated loan and convertible bond issuance, raising nearly HK\$5 billion in total to boost its capital base and expand its capital deployment ability.

Joint General Managers' Report – Infrastructure and Service

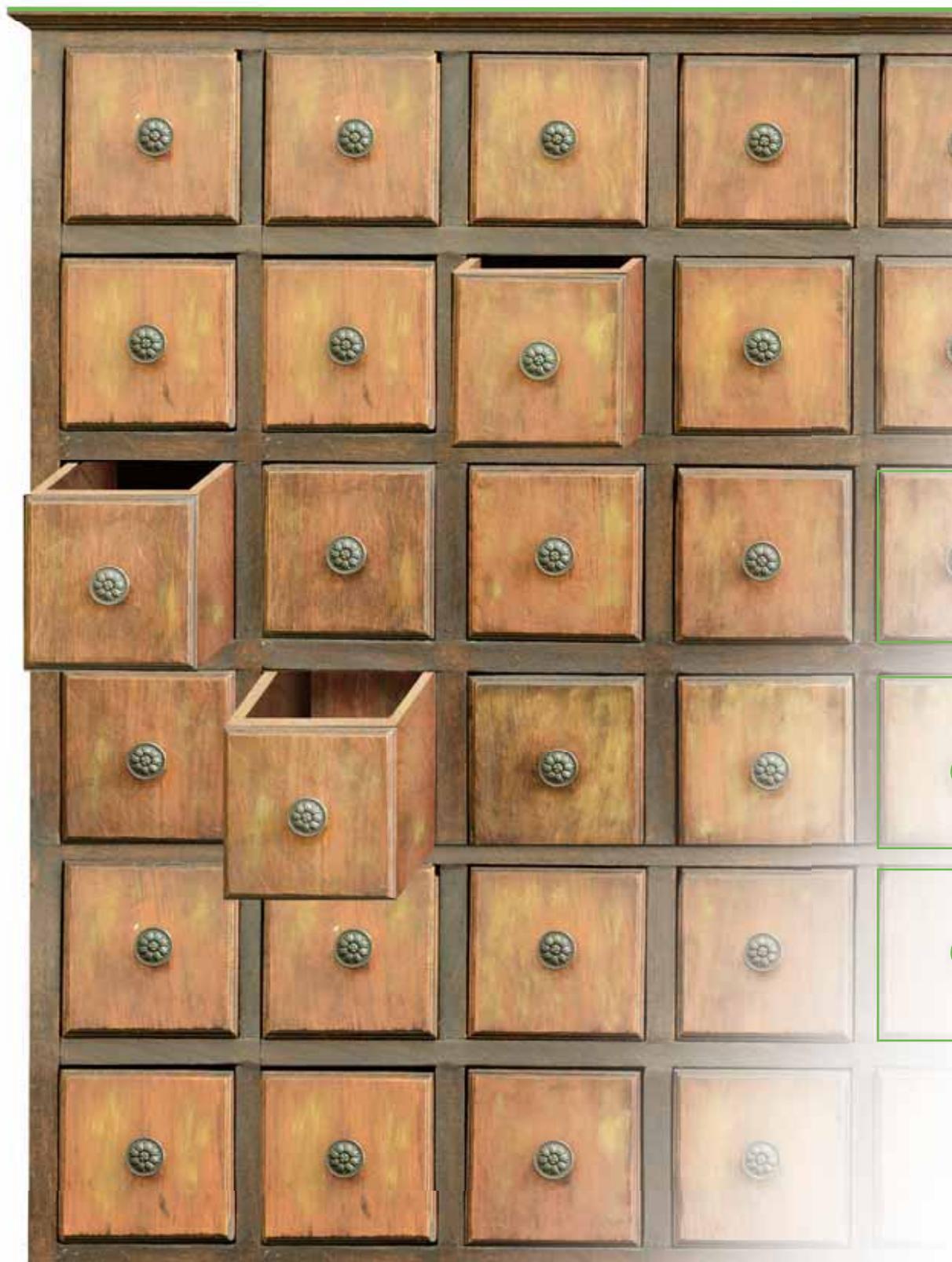


Trial production at the Yanjiazhuang Mine of Newton Resources re-commenced at the end of November 2012. Notwithstanding mediations by the local government officials, not all of the asserted demands by the neighbouring villages and their inhabitants could be met amicably. Disturbances by members of these villages have continued sporadically in varying degrees of intensity. As matters stand, the resumption of iron concentrate production would be dependent on the outcome of these discussions and subsequent actions taken by respective parties.

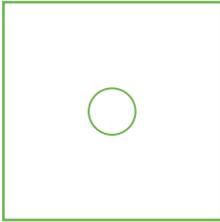
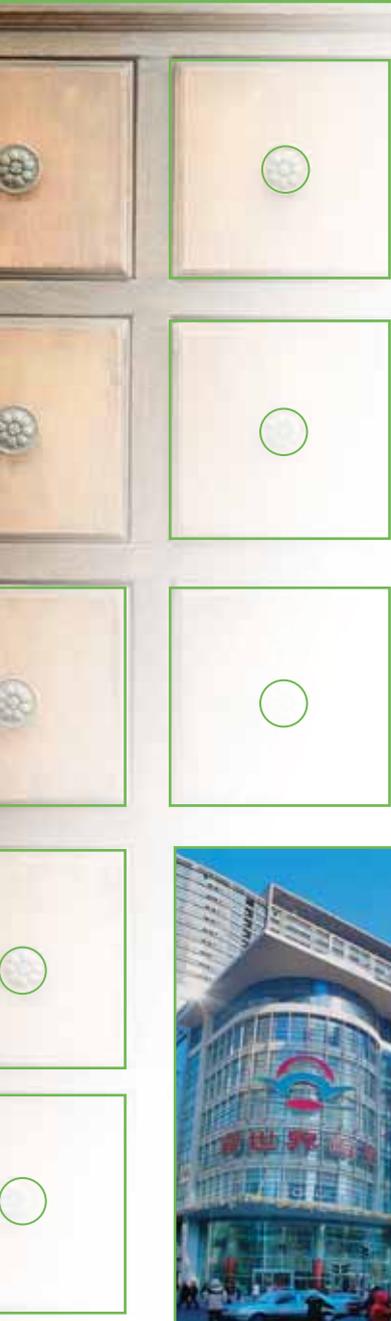
Hyva Holdings B.V. is a company engaged in the manufacturing of components used in hydraulic loading and unloading systems on trucks and trailers. Its revenue from Mainland China has been affected by a slowdown in heavy truck sales but the market has shown signs of recovery. European market sentiment is still weak and also impacted by the new tax levied on heavy duty trucks in Russia. Crane sales in Brazil rebounded due to the coming on stream of a new manufacturing facility.

**Bring Variety and
Quality to Shoppers**

Department Stores



From fashion, accessories, cosmetics to household items, our department stores throughout major cities in Mainland China offer one-stop shopping experience with variety and quality. We strive to provide scrupulous care to customers. We bring comfort, relaxation and style to their daily shopping.



Joint General Managers' Report – Department Stores



In FY2013, New World Department Store China Limited (“NWDS”) recorded total revenue of HK\$4,011.5 million, an increase of 14.9% year-on-year. Net profit was HK\$641.5 million. If excluding other gains or losses and changes in fair value of investment properties and one-off tax adjustment on disposal of properties situated in Wuxi, the core net profit for the year increased by approximately 9.8% year-on-year to HK\$615.7 million.

Commission income from concessionaire sales was the major income contributor, accounting for 65.8% of the total revenue. Proceeds from direct sales and rental income accounted for 20.2% and 12.7% respectively of the total revenue. The remaining 1.3% was derived from management and consultancy fees.

Regional-wise, Northern China Region contributed the most to the revenue of NWDS, amounting to 49.9% of total revenue, followed by the Central Western China Region and the South Eastern China Region, which accounted for 25.9% and 24.2% of the total revenue respectively.

Facing adverse impact from the European sovereign debt crisis on China’s economy, NWDS has established counter measures in advance, seizing the opportunity endowed by the Central Government to boost the overall economy through domestic demands, and strategically conducted business expansion in different regions.

In FY2013, two new self-owned stores, Yancheng Store and Xian Store, and two managed stores, Ningbo Beilun Store and Yanjiao Store, were opened. Shenyang Nanjing Street Store ceased operation since February 2013 for redevelopment.

On 27 May 2013, NWDS entered into an agreement with independent third parties to acquire the entire equity interest in Shanghai Hongxin Properties Companies Limited which owns and operates a shopping mall in Shanghai. The acquisition was completed on 30 July 2013.

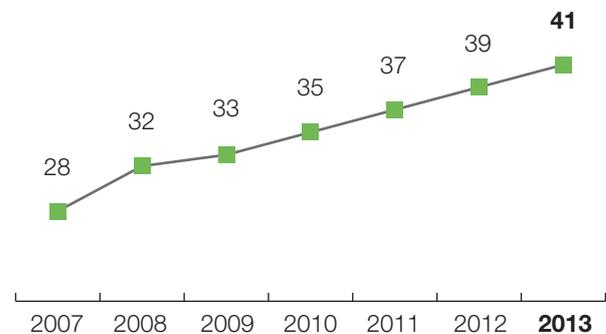
Joint General Managers' Report – Department Stores



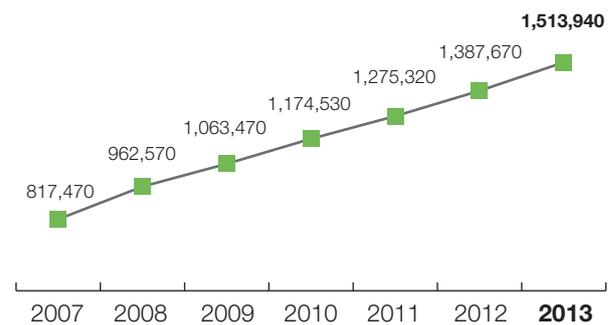
As at 30 June 2013, NWDS operated and managed a total of 41 stores spreading across 20 cities in Mainland China with total GFA over 1.5 million sq m. In particular, 36 were self-owned stores with total GFA of 1,340,240 sq m whilst five managed stores with total GFA of 173,700 sq m.

NWDS has been conducting its rebranding programme by dividing all of its department stores in China into “Fashion Gallery” and “Living Gallery” since September 2009. As at 30 June 2013, a majority of the department stores have already completed rebranding. The remaining four department stores in Wuhan will complete rebranding successively by the end of 2014.

No. of stores by each financial year



GFA by each financial year (sq m)



Joint General Managers' Report – Telecommunications



CSL New World Mobility (“CSLNWM”) is one of Hong Kong’s leading mobile operators, responsible for providing full mobile services including handset and device sales, mobile voice, and mobile data products to the market, which continues to increase market share in an intensely competitive market. In FY2013, CSLNWM added 425,000 new customers, bringing the total number of customers to 3.9 million. In FY2013, CSLNWM’s revenue grew by 16.9% to HK\$8,052.0 million and EBITDA grew by 14.9% to HK\$2,057.0 million.

Alternative communication solutions through mobile application are continuously affecting the traditional wholesale IDD business. In order to offset the downturn in Wholesale IDD business, New World Telecommunications (“NWT”) continues to explore business opportunities with Tier 2 carriers from Europe and Middle East regions. New cables, Asia Submarine-cable Express (ASE) system and Southeast Asia Japan Cable (SJC) system, were already landed in 2013 and NWT is able to provide to the international carriers with data connectivity between cable stations and their city point of presences and other required locations in Hong Kong.

Regarding the Cloud Computing business, NWT adopts multi-vendor approach for the new cloud platform expansion using world-class global vendors, in order to increase the overall competitiveness and customer coverage. NWT has added new values to its cloud solution with more advanced security services for further protection to the customers, such as Global Traffic Management, Two-Factor Authentication and SSL-VPN solution for enhanced security control. New Cloud Mail service was launched in March 2013 to strengthen the Cloud application offerings the needs of SME and Corporate sectors. Besides, Global Load Balancing feature was also launched in Cloud Platform.

In response to the growth of market demand, NWT will expand its Internet Data Centre with an additional floor area of over 20,000 sq ft to provide additional racks. The first phase of additional 106 racks has been successfully launched in March 2013.

Joint General Managers' Report – Outlook

Stepping into 2013, driven by the growth of emerging markets and developing economies, global economic activities demonstrate fast and active growth. However, different major economies showed various trends of development under today's constantly changing economic conditions. Among the advanced economies, the US economy is recovering gradually and steadily. Yet, there is still a long way to full recovery. What's more, as the US Federal Open Market Committee ("FOMC") announced its plan to bring to an end to the quantitative easing monetary policy progressively according to the market conditions, this may accelerate the cycle of interest rate hikes, and may even lead to market fluctuations due to the withdrawal of a substantial amount of funds from the financial market, thereby bringing damages to US or even global economy. Despite the sluggish economic performance of the Eurozone, the exposure to sovereign debt crisis has been alleviated. The pace of economic development in Asia gradually stabilised. However, in May 2013, the International Monetary Authority estimated that the economic growth in China will drop from 8% to 7.75% this year, showing concerns over the rising domestic loan in China, together with the increasingly prominent risks and challenges in Asia, such as the increasing financial imbalance of certain economies and the loss of confidence in regional economic policy, trading and investment might be negatively affected.

Hong Kong's economy is very much in line with the external economic environment. The plan of scaling back of the US bond-buying programme may increase the probability for investors to withdraw their funds from Hong Kong and the increase of interest rate. However, such decision of the US FOMC to a certain extent reflected that it is cautiously optimistic regarding the outlook of the US economy, which has a proactive guiding effect on the recovery of international trading and the global economy. In terms of economic growth of the Mainland China, there might be adjustments in response to the market conditions in the short term. However, the Central Government has expressed its confidence in maintaining sustainable healthy economic development in the long-

term. Given the optimistic outlook of the China economy, specific measures might be taken as a whole to prevent and divert some of the existing risks and challenges, and the reform measures shall be taken to a deeper level, so as to achieve our goal of steady progress. In fact, with the bottom out of the economy and set for further growth, just as vibration is inevitable when an engine is being restarted, we should no longer yearn for the temporary prosperity brought by the loads of money printed during the period when the quantitative easing policy was introduced. Taking healthy, long-term and sustainable economic development as the basis of our measurement, we will have to manage any impacts resulting from market changes by means of organic evolution and adjustment of economic activities with flexible approaches.

Since November 2010, the Hong Kong Government launched a number of policies in response to manage demand in residential housing, including implementation of SSD, the "extended period version" of SSD, newly introduction of BSD and amendment of AVD rates, etc., with a view to maintaining financial stability of Hong Kong for the healthy and steady development of the property market by increasing the property transaction cost and mitigating property speculations. While we understand that these new policies enforced by the government are favourable for the long-term development of the property market, these administrative measures have exerted certain impact on the buying and market investment sentiment in the short term. In addition, with the additional requirements of the Residential Properties (First-hand Sales) Ordinance which became effective on 29 April 2013, the related administrative authority and the market are still adjusting for and adapting to the application of such ordinance, including the content requirement of sales brochure of projects and the flexibility of approval procedures. This, to a certain extent, has also affected the progress of launching new projects and delaying the supply of new housing to the market.

Joint General Managers' Report – Outlook

Based on the objective circumstances, the all-time low interest rate is impossible to maintain forever. However, the US FOMC will only adjust its pace of asset acquisition in line with the market conditions after conducting a series of assessments. Ben Bernanke, the chairman of the Federal Reserve System, has stated clearly that the arrangement about the increment of interest rate will only be considered in the few quarters after the unemployment rate of the US falls back to 6.5%. It is also expected that there is still a long way between the closing of asset acquisition plan and the adjustment of interest rate. As long as the unemployment rate in the US is still higher than 6.5%, the interest rate will still be maintained at minimal level. In fact, apart from benefitting from the low interest rate, the other favourable factors affecting the property market in Hong Kong will still be in place in the short run.

According to The Census and Statistics Department of Hong Kong, in April 2013, the labour market in Hong Kong maintained substantially stable with the unemployment rate stood at 3.5% while the underemployment rates was maintained at 1.6%. In terms of national economy accounting, the economic performance was generally as expected in the first quarter of 2013, with GDP, private consumption expenditure and total exports of goods and services increased by 2.8%, 7.0% and 7.9% year-on-year, respectively. In terms of private housing supply in the primary market, according to the statistics of the Transport and Housing Bureau, the completion of private residential units in the recent five years was merely maintained at approximately 9,700 units per year, decreased by approximately 50% when compared to the average of 2003-2007, showing there are still unfulfilled demand in the market.

As a major property developer in Hong Kong, New World upholds its philosophy of “邁步向前 • One Step Forward”, actively exploring opportunities for property development so as to maximise the interests of the Group and the stakeholders. In 2012, the Group launched two new projects under its management, namely “The Signature” in Tai Hang and “The Riverpark” in Sha Tin. With high product quality and supported by effective marketing, both projects have achieved satisfactory sales performance. The two joint-development projects “Double Cove” in Ma On Shan and “The Reach” in Yuen Long were also widely recognised by home-buyers.

In 2013, affected by the various new government measures on the property market in Hong Kong, property developers have experienced delay in launching of new residential projects. However, New World has not paused its pace of property development. Our professional team and staff have taken the initiative to demonstrate good teamwork, striving to launch our projects in the market as soon as possible. In May 2013, the Group's brand new residential project “The Woodsville” in Yuen Long has become the first of new residential project of the Group approved by the Lands Department after the implementation of the Residential Properties (First-hand Sales) Ordinance, and has thus aroused the attention from both the market and home-buyers. Our hard work and determination is a reflection of the perseverance of New World to succeed in property development. Following the launch of “The Woodsville”, the Group will continue to bring a series of quality products into the market in a stable and orderly manner, catering for different consumer groups, so as to provide the public with brand new housing experience.

Joint General Managers' Report – Outlook

Apart from launching new quality projects, New World will also continue to strengthen the Group's effort in project development and explore land parcels for future development, so as to secure sufficient and reliable development resources for future use. In September 2012, January and March 2013, the Group successfully won the bids for the project located in Sai Yee Street, Mongkok from the Urban Renewal Authority; the West Rail Tsuen Wan West Station TW6 project from MTR Corporation Limited in public tenders, and a commercial site in Tung Chung, adding a landbank of attributable GFA of approximately 860,000 sq ft for immediate development. By June 2013, the Group had a landbank of total attributable GFA around 9.3 million sq ft available for immediate development, of which, around 60% were for residential use, being one of the major residential suppliers in the market.

The landbank of the Group encompasses various types of products in both urban areas and the New Territories. According to the current estimated development cycle, the landbank on hand is sufficient for the Group to realise its development plan for the coming few years. In fact, the Group's projects have provided substantial flexibility for the development plans to adapt to different market conditions and to satisfy the needs of different home-buyers through offering various geographic layouts and product grading, which is also one of the unparalleled strengths of New World. In future, we will continue to take a diversified approach in land acquisition, with a mix of redevelopment of old buildings, public auctions/tenders as well as conversion of agricultural land. Through these means, we will be able to consider every opportunity in an active and cautious manner and maintain a stable level of quality landbank and thus establish a healthy foundation for the Group's property development and succeed in the Group's property development business in Hong Kong.

The huge influx of visitors from Mainland China and strong domestic consumer sentiments has provided solid and continuous support for the retail industry in Hong Kong. In FY2013, K11 located in a traditional tourism district in Tsim Sha Tsui consistently delivered satisfactory rental performance with an average monthly pedestrian flow over 1.1 million. It has also become one of the main streams of income of the Group's rental portfolio. Facing the increasing demand for enjoyable shopping experience and rising expectations, and the shift of consumption pattern of Mainland consumers from buying luxury goods and products of major brands at key tourism spots to daily household necessities at non-core districts along the railway in the New Territories, the Group has been actively reviewing its investment property portfolio in Hong Kong in recent years preparing for seeking and capturing opportunities for higher return from assets.

In 2012, the Group has undertaken renovations and facility upgrades to enhance qualities of the projects located at the core consumption districts such as New World Tower, Manning House in Central and Pearl City in Causeway Bay. Furthermore, in response to the changes in consumption pattern, the Group has actively commenced the renovation works in phases of Discovery Park Shopping Centre in Tsuen Wan, which is a living and transportation hub in the New Territories, and has adjusted the tenants portfolio to provide residents and visitors in the district with heart-to-heart services and unique shopping experience. These have stimulated higher rental performance of the Group's investment properties. The redevelopment of New World Centre located at harbour front area of Tsim Sha Tsui is the Group's key development project. The development is currently in full swing and the project is expected to be a new landmark of Victoria Harbour upon completion.

Joint General Managers' Report – Outlook

For the office market, the occupancy and rental level of Super Grade A office projects in core commercial districts were once affected by the external economic environment and adjustment in the corporate expansion plan in 2012. However, the strong intention for enterprises from Mainland China to establish their presence in Hong Kong as a regional headquarters coupled with the limited new supply in core areas of Central in the future has supported the rental performance of projects in such areas. In fact, due to limited supply of sizeable new office buildings in Hong Kong by 2015 and the tremendous strategic strengths in development of Hong Kong within the region, the office market is expected to rebound in the short term once the external economy begins to pick up and enterprises re-launch their expansion plan with increased rental budgets. The rental performance of New World Tower and Manning House, which are Grade A office buildings of the Group located in Central, Hong Kong, are relatively more stable than other Grade A office buildings in the same district as the tenants are mainly composed of medical centres, law firms and local leading enterprises. The rental performance is expected to be further enhanced upon the completion of a series of improvement works of the projects.

In Mainland China, economic growth momentum of China is still the focus of the market. The market is of the view that the growth forecast about the GDP and purchasing manager's index of manufacturing industry in China will continue to consolidate, which reflects that China economy is facing the risk of structural imbalance. In fact, mere reliance on the government's investment and stimulation is not likely to create enormous room for economic development. The key initiatives for the economic growth of China are to build up momentum for market mechanism, change government functions and foster economic restructuring. Xi Jinping, President has indicated that the change of the economic development of

China is currently at a critical stage that the previous mode of over-heated growth is not likely in the best interest of China. The GDP growth of China during the first quarter of 2013 was 7.7% and such growth rate is more beneficial to the adjustment in economic structure and enhancement of quality and efficiency of economic growth. Adhering to its key initiatives including stabilising macro policy, loosening micro policy and supporting social security as planned, the Central Government will continue to attain its development target of achieving progress through stability, intensify reform by studying and promoting medium to long-term comprehensive reform proposal, strive to facilitate modern industrialisation, informationisation, urbanisation, agricultural modernisation, carry out innovation-driven development strategy and step up efforts to boost domestic consumption in order to create new point of growth for the economy and secure sound and sustainable economic growth.

We believe that Central Government has strong capacity in resource allocation. That having said, the key determinants remain the driving force from export demand due to the recovery of Europe and US economies as well as the effectiveness of the consistent implementation of measures such as urbanisation in Mainland China. Accordingly, the Central Government is expected to pay close attention to each of the key economic indicators and performance of industrial sectors, including property sector which is closely related to the economy and livelihood, focus on some important economic policies in particular and implementation in a timely manner, and closely follow the market condition to make adjustment in order to achieve progress through stability. In fact, the Central Government has curbed property speculation and secured demand for home-buyers by a series of austerity measures and policy adjustments over the years. It has also actively and steadily pushed forward the progress of urbanisation to match the increasing demand of general public in home ownership.

Joint General Managers' Report – Outlook

In recent months, the Central Government officially published guidelines on economic structural adjustment, transformation and upgrade through financial support, stipulating that it will actively satisfy home purchase demand for the first-time home-buyers while implementing differentiated mortgage policies to strictly control property financing risk. As such, we expect that the Central Government will still adhere to a prudent and cautious principle with respect to its policies and strike a balance between all factors and risks which may lead to significant fluctuation in the property market. In particular, it will adopt a more flexible and effective approach in some first-tier benchmarking cities to ensure sound and sustainable market development.

Liquidity stress is a recent concern of the market. It may affect the capital flow in the property industry. However, from the positive perspective, it may be a necessary process for every market to eliminate certain enterprises which have limited cash flow that bring increasing risk and negative sentiment to the market. Through natural regulation, the property industry will be able to achieve rational development. In fact, most of the dominant developers in Mainland China have improved financials as compared to the past. It is believed that the sound development of the property market in Mainland China is attributable not only to close collaboration with the Central Government on policies but also the reliance on numbers of well-established and premium enterprises.

NWCL, the Group's flagship enterprise in property development and investment in Mainland China, has established a premium brand image in Mainland China. It has more than 26 million sq m landbank under construction or held for development over 20 key hub cities in Mainland China, which are mainly located in second- and third-tier cities with rapid growth and significant concrete demand. NWCL will continue to develop property

operations in Mainland China by adopting diversified property development concepts, closely monitoring overall environment at home and abroad, focusing on developing existing landbank, accelerating development process and adhering to our prudent management principle and innovative ideas. In FY2014, the volume of newly completed projects by NWCL is expected to reach a new level of exceeding 1.5 million sq m.

"New World, One Step Forward" is the Group's notion of business operation. New World will continue to uphold its business standard for property development even facing various foreseeable and unforeseeable challenges and opportunities or success and adversity in the future. We will dedicate our efforts to our property businesses in Hong Kong and Mainland China. With explicit goal and spirit of prioritising customers' experience, we will take one step forward in our mental, physical, verbal and acoustic deeds to deliver quality products and premium services which carry the unique DNA of the New World brand by capitalising on our unique perspective and unlimited creativity. We are willing to take new steps to innovate for customers. We focus on creating new living experiences for customers. We are New World, a group that possesses dedicated staff, moves steps forward, commits to build New World as a well-known property brand for premium property development and maximises the interests of our stakeholders.

New World, One Step Forward
We Create New Living Experience

Cheng Chi-Kong, Adrian
Executive Director & Joint General Manager
Hong Kong, 26 September 2013

Chen Guanzhan
Executive Director & Joint General Manager

Management Discussion and Analysis

In FY2013, NWD recorded consolidated revenues of HK\$46,779.9 million, and profit attributable to shareholders of the Company amounted to HK\$14,148.7 million, up 31.3% and 39.5% year-on-year respectively. The Group's underlying profits amounted to HK\$6,327.3 million, representing 26.1% year-on-year growth. Total segment results (including share of results of jointly controlled entities and associated companies) amounted to HK\$16,484.8 million, up 24.5% year-on-year.

Consolidated Income Statement

	FY2013 HK\$m	FY2012 HK\$m
Revenues	46,779.9	35,620.1
Cost of sales	(28,354.6)	(19,925.7)
Gross profit	18,425.3	15,694.4
Other income	198.8	76.0
Other gains, net	999.0	1,924.5
Selling and marketing expenses	(1,416.2)	(935.0)
Administrative and other operating expenses	(6,381.0)	(5,547.6)
Changes in fair value of investment properties	7,460.8	4,902.7
Operating profit	19,286.7	16,115.0
Financing income	1,008.4	686.5
Financing costs	(1,703.6)	(1,200.0)
	18,591.5	15,601.5
Share of results of		
Jointly controlled entities	3,399.3	1,962.7
Associated companies	1,320.4	1,157.4
Profit before taxation	23,311.2	18,721.6
Taxation	(4,794.8)	(4,400.5)
Profit for the year	18,516.4	14,321.1
Attributable to:		
Shareholders of the Company	14,148.7	10,139.0
Non-controlling interests	4,367.7	4,182.1

Management Discussion and Analysis

Revenues – by business segments

	FY2013 HK\$m	FY2012 HK\$m
Property development	24,249.2	12,627.1
Property investment	2,188.4	1,892.8
Service	9,668.9	11,073.3
Infrastructure	2,223.5	1,926.2
Hotel operations	3,482.3	3,559.5
Department stores	3,954.1	3,517.3
Telecommunications	753.3	754.3
Others	260.2	269.6
Total	46,779.9	35,620.1

In FY2013, the Group's revenue increased 31.3% to HK\$46,779.9 million from HK\$35,620.1 million, mainly due to the significant growth from property development segment, up 92.0%. In addition, property investment, infrastructure and department stores maintained a healthy growth in terms of revenue, up 15.6%, 15.4% and 12.4% respectively.

Analysis of segment results (including share of results of jointly controlled entities and associated companies)

	FY2013 HK\$m	FY2012 HK\$m
Property development	7,338.5	5,274.0
Property investment	2,996.4	2,016.9
Service	1,708.5	1,907.2
Infrastructure	2,462.0	2,343.7
Hotel operations	450.2	609.6
Department stores	743.7	766.1
Telecommunications	239.5	177.5
Others	546.0	146.6
Total	16,484.8	13,241.6

Management Discussion and Analysis

Property development

In FY2013, the contribution from property development was HK\$7,338.5 million, up 39.1%. In Hong Kong, the key contributions were from four property projects, namely “The Riverpark” in Sha Tin, “The Signature” in Tai Hang, “Double Cove” in Ma On Shan and “The Masterpiece” in Tsim Sha Tsui.

In 2012, the Group launched 4 projects which were “The Signature”, “The Riverpark”, “Double Cove” and “The Reach”. All these projects received overwhelming responses from the market. Riding on the positive response, “The Woodsville” and “Park Signature” in Yuen Long were launched in the second half of 2013.

In Mainland China, the property market is moving towards a direction of healthy, orderly and steady development. It is expected by the market that the Central Government will continue to adhere to its proactive fiscal policies and prudent monetary policies in the national economic development. Existing policies will be maintained with no major deviation to achieve stable transition.

In FY2013, the major contribution of NWCL property sales were from the projects in Guangzhou, Shenyang and Haikou. Gross profit margin of the overall property sales was 42%, decreased by 8 percentage points year-on-year, which was mainly attributable to the difference in the portfolio of property sold.

Property investment

Segment contribution from property investment recorded HK\$2,996.4 million in FY2013, up 48.6% year-on-year. Stripping out the fair value changes on the investment properties of jointly controlled entities and associated companies, the rental portfolio in Hong Kong and Mainland China maintained a healthy year-on-year growth at 15.6%.

Service

In FY2013, service segment contributed HK\$1,708.5 million, down 10.4% year-on-year, mainly owing to the contribution from the Free Duty business, which was affected by the expiration of the concession contract at the Hong Kong International Airport in November 2012 and the renewed concession terms.

In FY2013, HKCEC maintained a solid contribution to the service segment. Demand for staging international exhibitions and conventions with world class facilities and superb reputation remains strong. During the year, 1,180 events were held at HKCEC with a total patronage of approximately 5.2 million.

The contribution from transport business reported a 9% year-on-year growth in FY2013. This was mainly attributable to the increase in fare revenue in connection with passenger growth. Operation efficiency continues to improve through routes rationalisation between Citybus and New World First Bus. Fuel costs remained steady with a fuel cost hedging arrangement.

Infrastructure

In FY2013, the contribution from infrastructure segment recorded a steady growth of 5.0% to HK\$2,462.0 million.

The toll standardisation in Guangdong Province and the holiday toll free policy introduced by the Central Government in 2012 had adversely impacted the performance of the toll road projects in FY2013. However, these negative impacts were mitigated by the increased contribution from the additional acquisition of Hangzhou Ring Road. Road projects continued to provide the key contribution to infrastructure segment.

As coal prices continued to decline, the performance of the energy projects in Mainland China rebounded in FY2013, which maintained a stable contribution to the infrastructure segment. In Macau, in line with the booming entertainment and tourist industry, electricity sales volume of Macau Power continued to grow healthily by 5% in FY2013.

Aided by the economic development in Chongqing, sales volume of Chongqing Water Plant grew by 7% while waste water treated by Chongqing Tangjiatuo Waste Water Plant and the Chongqing CCIP Water Treatment Plants increased by 15% and 14% respectively in FY2013. Sales volume of Macau Water increased by 6% and a tariff hike became effective in June 2013.

Management Discussion and Analysis

ATL Logistics Centre recorded a remarkable occupancy rate of 99%, up from 98% in FY2012. The keen demand for logistics and warehouse facilities in Hong Kong drove its average rental rate up by 5% during FY2013. NWS Kwai Chung Logistics Centre commenced operation in December 2011 and was fully leased out.

Hotel operations

During the year under review, hotel operations segment recorded HK\$450.2 million, down 26.1% year-on-year. The decrease in contribution from Grand Hyatt Hong Kong due to major renovations and the pre-opening expenses incurred for the new hotels in Hong Kong and Beijing were the main causes for the drop.

Grand Hyatt Hong Kong commenced major renovations of its rooms and facilities in 2013. The business, revenue, occupancy levels and revenue per available room of Grand Hyatt Hong Kong were adversely impacted during the year under review and continue to be impacted during the whole renovation period. It is expected that the renovation will be completed in 2016. While the Group expects that the renovation, when completed, will positively enhance Grand Hyatt Hong Kong's business performance.

In Mainland China, overall slow market and the banning of extravagance and fighting corruption initiatives from the Central Government led to overall decrease in patronising corporate customers. Moreover, New World Shanghai Hotel and pentahotel Beijing were undergoing renovations during the year under review, all these had negatively impacted the hotel segment.

Department stores

During the year under review, department stores segment contributed HK\$743.7 million, down 2.9% year-on-year. The same store sales growth of our self-owned department stores was 11.4% as compared to 14.1% for FY2012. In FY2013, two new self-owned stores and two managed stores were opened. Shenyang Nanjing Street Store ceased operation since February 2013 for redevelopment.

On 27 May 2013, NWDS entered into an agreement with independent third parties to acquire the entire equity interest in Shanghai Hongxin Properties Company Limited, which owns and operates a shopping mall in Shanghai. The acquisition was completed on 30 July 2013.

As at 30 June 2013, NWDS operated and managed a total of 41 stores spreading across 20 cities in Mainland China with total GFA over 1.5 million sq m. In particular, 36 were self-owned stores with total GFA of 1,340,240 sq m whilst five managed stores with total GFA of 173,700 sq m.

Telecommunications

In FY2013, telecommunications business segment recorded a profit of HK\$239.5 million, up 34.9% year-on-year. The significant growth was mainly driven by the strong performance of CSLNWM that added 425,000 new customers, bringing the total customer to 3.9 million in FY2013.

Others

Other businesses recorded a profit of HK\$546.0 million in FY2013, up 2.7 times against FY2012 mainly due to gains from sale of investments.

Other gains, net

One-off dilution gain from the listing of Newton Resources was recorded in FY2012, excluding the one-off gain, net other gains decreased 48.1% to HK\$999.0 million in FY2013. Net other gains mainly included gain on disposal of investment properties, property, plant and equipment and land use rights, gain on disposal of available-for-sale financial assets and net exchange gain.

Changes in fair value of investment properties

Changes in fair value of investment properties amounted to HK\$7,460.8 million, increased 52.2% year-on-year. Driven by the improvement of the market sentiment and the asset enhancement programmes, the contribution from the properties in Hong Kong increased significantly.

Management Discussion and Analysis

Liquidity and capital resources

The Group's debts were primarily denominated in Hong Kong dollar and Renminbi. In respect of the Group's operations in Mainland China, the Group maintains an appropriate level of external borrowings in Renminbi for natural hedging of Renminbi attributed to those projects. Apart from this, the Group does not have any material foreign exchange exposure.

The Group's borrowings of which 72.5% were arranged on a floating rate basis. The Group used interest rate swaps and foreign currency swap to hedge part of the Group's underlying interest rate and foreign exchange exposure. As at 30 June 2013, the Group had outstanding derivative instruments in the amounts of HK\$5,800.0 million and US\$600.0 million (equivalent to approximately HK\$4,662.0 million). As at 30 June 2013, the Group had outstanding foreign currency swap contracts in the amounts of RMB1,000.0 million (equivalent to approximately HK\$1,265.8 million).

As at 30 June 2013, the Group's cash and bank balances stood at HK\$40,262.3 million (2012: HK\$28,036.3 million) and the consolidated net debt amounted to HK\$62,493.0 million (2012: HK\$57,773.4 million). The gearing ratio was 35.2%, a decrease of 1.4 percentage points as compared with FY2012.

The Group has completed the following significant transactions during the year:

	HK\$m
Payment of land premium for Sai Yee Street project in Mong Kok	1,204.4
Acquisition of Shanghai Hongxin Properties Company Limited (held a shopping mall in Shanghai)	1,267.7
Payment of land premium for West Rail Tsuen Wan West Station TW6 project	3,584.5
Total	6,056.6

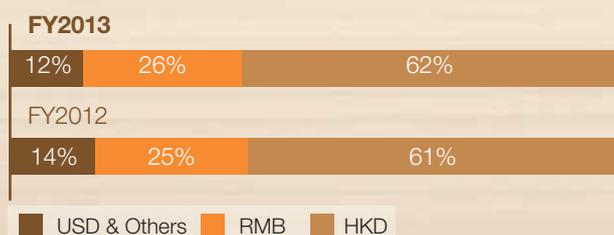
On 6 September 2012, a subsidiary of the Group issued HK\$505.0 million 5.0% guaranteed bonds due in 2022. On 6 February 2013, NWCL also issued RMB3,000.0 million (equivalent to approximately HK\$3,797.0 million) 5.5% bonds due in 2018.

Maturity profile

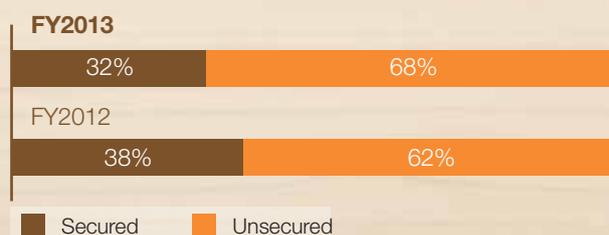
As at 30 June 2013, the Group's long-term bank and other loans, fixed rate bonds and convertible bonds amounted to HK\$95,239.3 million. Short-term bank and other loans as at 30 June 2013 were HK\$7,516.0 million. The maturity of bank and other loans, fixed rate bonds and convertible bonds as at 30 June 2013 was as follows:

	HK\$m
Within one year	25,406.9
In the second year	24,799.2
In the third to fifth year	42,641.3
After the fifth year	9,907.9
Total	102,755.3

Currency Profile of Borrowings



Nature of Debts



Management Discussion and Analysis

As at 30 June 2013, the Group's assets of HK\$68,607.8 million and certain shares of subsidiaries of the Group were pledged as securities for certain banking facilities of the Group.

Equity of the Group as at 30 June 2013 increased to HK\$177,745.0 million against HK\$158,040.7 million as at 30 June 2012.

Gross Debt

	FY2013 HK\$m	FY2012 HK\$m
Consolidated gross debt	102,755.3	85,809.7
NWSH	17,679.5	17,666.1
NWCL	34,464.9	26,254.6
NWDS	659.3	1,007.7
Gross debt (exclude listed subsidiaries)	49,951.6	40,881.3

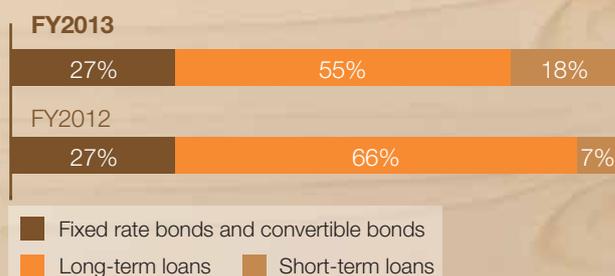
Net debt

	FY2013 HK\$m	FY2012 HK\$m
Consolidated net debt	62,493.0	57,773.4
NWSH	9,911.3	12,280.1
NWCL	15,127.7	12,997.0
NWDS – cash and bank balances	(2,300.2)	(2,613.3)
Net debt (exclude listed subsidiaries)	39,754.2	35,109.6

Floating/Fixed Rate and Maturity Profile as at 30 June 2013 (HK\$ Billion)



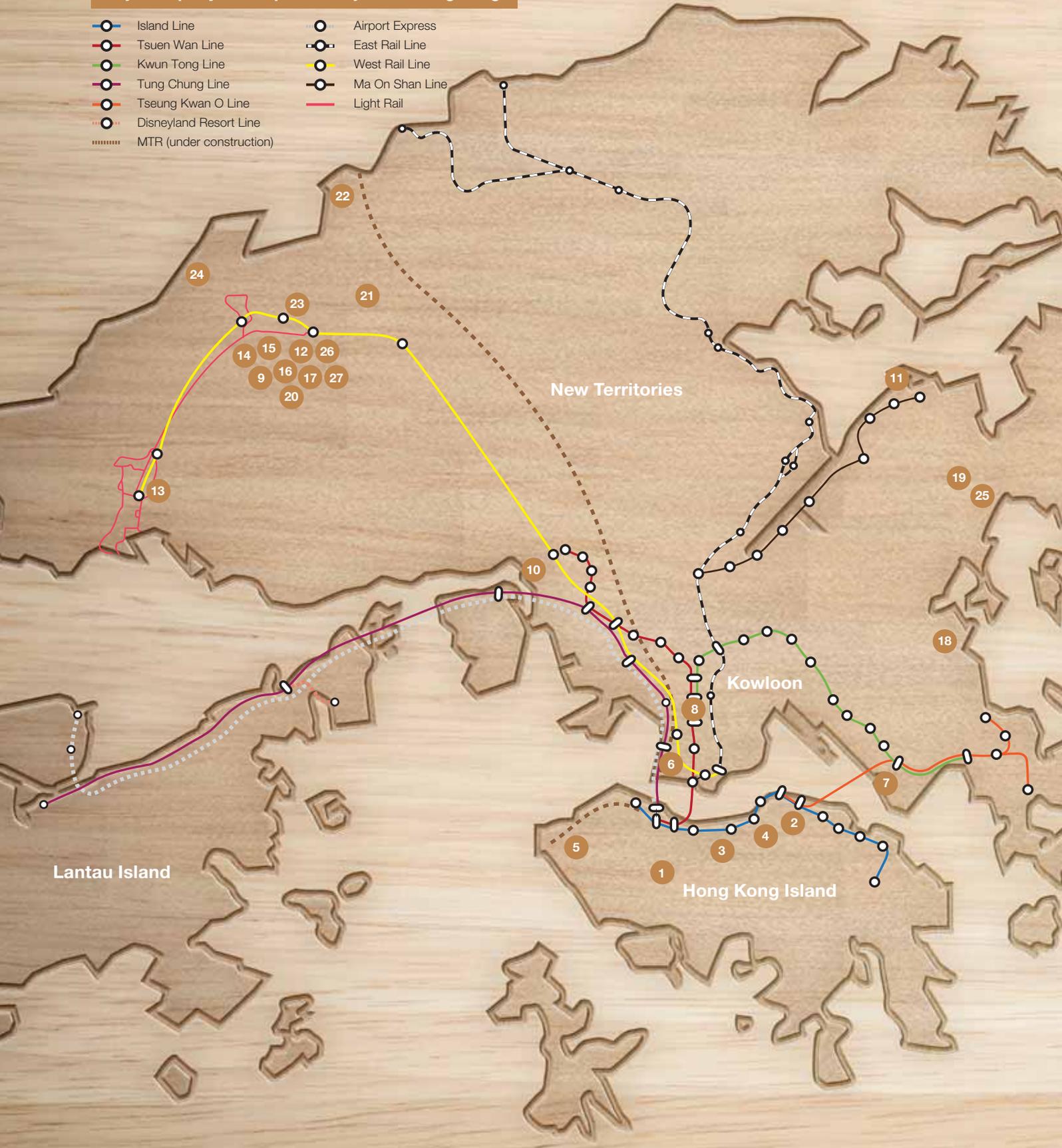
Source of Borrowings



Principal Projects Summary

Major Property Development Projects in Hong Kong

- | | |
|--|---|
|  Island Line |  Airport Express |
|  Tsuen Wan Line |  East Rail Line |
|  Kwun Tong Line |  West Rail Line |
|  Tung Chung Line |  Ma On Shan Line |
|  Tseung Kwan O Line |  Light Rail |
|  Disneyland Resort Line | |
|  MTR (under construction) | |



Principal Projects Summary

No.	Name of Property Development Projects
1	55 Conduit Road, Mid-Levels
2	Upper & Lower Kai Yuen Lane and 5 Kai Yuen Street, North Point
3	1-10 Kwai Fong Street, Happy Valley
4	1-15 New Eastern Terrace and 5-11 Dragon Road, Tin Hau
5	4-14 South Lane, Western District
6	THE AUSTIN, KIL 11126, Kowloon Southern Link – Austin Station (Site C) KIL 11129, Kowloon Southern Link – Austin Station (Site D)
7	Yau Tong Redevelopment Project, Yau Tong
8	Sai Yee Street Project, Mongkok
9	Phase 1 – Site A, Lot No. 2131 in DD121, Tong Yan San Tsuen, Yuen Long
10	TWTL402, West Rail Tsuen Wan West Station TW6
11	Double Cove, Phase 2, DD206, Lok Wo Sha, Ma On Shan Phase 3 to Phase 5, DD206, Lok Wo Sha, Ma On Shan
12	The Reach, YLTL 526, Tai Tong Road, Yuen Long
13	76-92 Heung Sze Wui Road, Tuen Mun
14	Site A & B, Hung Shui Kiu Project, Yuen Long
15	The Woodville, Lot No. 419 in DD127, Tai Tao Tsuen, Yuen Long
16	Phase 2, Lot No. 2139 in DD121, Tong Yan San Tsuen, Yuen Long
17	Park Signature, Lot No. 4043 in DD120, Lung Tin Tsuen, Yuen Long
18	DD227 & DD229, Tai Po Tsai, Clear Water Bay, Sai Kung
19	DD221, Sha Kok Mei, Sai Kung
20	Phase 2, Lung Tin Tsuen, Yuen Long
21	DD104, Wing Kei Tsuen, Yuen Long
22	DD99, Lin Barn Tsuen, Yuen Long
23	Phase 4, Tong Yan San Tsuen, Yuen Long
24	Phase 2, Deep Bay Grove, Yuen Long
25	DD221, Sha Ha, Sai Kung
26	YLTL 527 in DD116, Tai Tong Road, Yuen Long
27	YLTL 524, Tai Tong Road, Yuen Long

Principal Projects Summary

Project Summary – Major Property Development Projects in Hong Kong

No.	Name of Property Development Projects	Site Area (sq ft)	Total GFA (sq ft)
HONG KONG ISLAND			
1	55 Conduit Road, Mid-Levels	36,003	87,780
2	Upper & Lower Kai Yuen Lane and 5 Kai Yuen Street, North Point	72,000	573,301
3	1-10 Kwai Fong Street, Happy Valley	6,515	65,150
4	1-15 New Eastern Terrace and 5-11 Dragon Road, Tin Hau	49,569	396,546
5	4-14 South Lane, Western District	5,142	42,286
KOWLOON			
6	THE AUSTIN, KIL 11126, Kowloon Southern Link – Austin Station (Site C) ⁽²⁾	135,443	543,324
	KIL 11129, Kowloon Southern Link – Austin Station (Site D) ⁽²⁾	159,738	738,841
7	Yau Tong Redevelopment Project, Yau Tong	784,044	4,430,705
8	Sai Yee Street Project, Mongkok ⁽²⁾	26,673	186,712
			53,346
NEW TERRITORIES			
9	Phase 1 – Site A, Lot No. 2131 in DD121, Tong Yan San Tsuen, Yuen Long	78,502	79,993
10	TWTL 402, West Rail Tsuen Wan West Station TW6 ⁽²⁾	148,586	675,021
11	Double Cove, Phase 2, DD206, Lok Wo Sha, Ma On Shan	947,673	638,628
	Phase 3, DD206, Lok Wo Sha, Ma On Shan		816,817
	Phase 4, DD206, Lok Wo Sha, Ma On Shan		383,306
	Phase 5, DD206, Lok Wo Sha, Ma On Shan		327,445
12	The Reach, YLTL 526, Tai Tong Road, Yuen Long	371,358	1,299,744
13	76-92 Heung Sze Wui Road, Tuen Mun	8,000	82,411
14	Site A & B, Hung Shui Kiu Project, Yuen Long	64,423	79,664
15	The Woodsville, Lot No. 419 in DD127, Tai Tao Tsuen, Yuen Long	228,993	228,993
16	Phase 2, Lot No. 2139 in DD121, Tong Yan San Tsuen, Yuen Long	85,251	85,251
17	Park Signature, Lot No. 4043 in DD120, Lung Tin Tsuen, Yuen Long	215,614	1,098,463
18	DD227 & DD229, Tai Po Tsai, Clear Water Bay, Sai Kung	719,035	1,078,553
19	DD221, Sha Kok Mei, Sai Kung	150,000	30,000
20	Phase 2, Lung Tin Tsuen, Yuen Long	85,600	428,000
21	DD104, Wing Kei Tsuen, Yuen Long	786,000	314,000
22	DD99, Lin Barn Tsuen, Yuen Long	1,300,000	550,000
23	Phase 4, Tong Yan San Tsuen, Yuen Long	175,000	175,000
24	Phase 2, Deep Bay Grove, Yuen Long	122,000	28,000
25	DD221, Sha Ha, Sai Kung	585,734	878,600
26	YLTL 527 in DD116, Tai Tong Road, Yuen Long	6,086	21,301
27	YLTL 524, Tai Tong Road, Yuen Long	48,922	171,228
	Grand Total	7,401,904	16,588,409

Notes:

(1) P=Planning; D=Demolition; F=Foundation; S=Superstructure; LE=Land Exchange, SP=Site Preparation

(2) Property in which the Group entitled to a share of development profits in accordance with the terms and conditions of the respective development agreements

Principal Projects Summary

Group Interest (%)	Retail (sq ft)	Residential (sq ft)	Total Attributable GFA (sq ft)	Stage of Completion ⁽¹⁾
30.0		26,334	26,334	S
40.0		229,320	229,320	F
89.0		57,965	57,965	F
85.0		337,064	337,064	F
100.0	2,149	40,137	42,286	F
50.0		271,662	271,662	S
50.0		369,421	369,421	S
7.8		345,847	345,847	P
100.0		186,712	186,712	SP
50.0	26,673		26,673	SP
100.0		79,993	79,993	P
80.0		540,017	540,017	P
32.0		204,361	204,361	S
32.0	2,921	258,460	261,381	F
32.0		122,658	122,658	F
32.0		104,782	104,782	F
21.0		272,556	272,556	S
100.0	12,940	69,471	82,411	S
100.0		79,664	79,664	S
100.0		228,993	228,993	S
100.0		85,251	85,251	SP
100.0	43,056	1,055,407	1,098,463	S
56.0	12,056	591,934	603,990	F
100.0		30,000	30,000	P
100.0		428,000	428,000	LE
100.0		314,000	314,000	P
70.0		385,000	385,000	P
100.0		175,000	175,000	LE
100.0		28,000	28,000	P
76.0		667,736	667,736	P
21.0	1,005	3,462	4,467	LE
21.0		35,907	35,907	LE
	100,800	7,625,114	7,725,914	

Principal Projects Summary

Major Property Investment Projects in Hong Kong

- Island Line
- Tsuen Wan Line
- Kwun Tong Line
- Tung Chung Line
- Tseung Kwan O Line
- Disneyland Resort Line
- - - MTR (under construction)
- Airport Express
- East Rail Line
- West Rail Line
- Ma On Shan Line
- Light Rail



Principal Projects Summary

No. Name of Property Investment Projects

- 1 Manning House
- 2 New World Tower
- 3 Shun Tak Centre, Shopping Arcade
- 4 Hong Kong Convention and Exhibition Centre, Shopping Arcade
- 5 Grand Hyatt Hong Kong
- 6 Renaissance Harbour View Hotel
- 7 Pearl City – Portion of Ground Floor to 4th Floor
Pearl City – Portion of Ground Floor & Basement
- 8 2 MacDonnell Road
- 9 Methodist House
- 10 Sogo Department Store, Tsim Sha Tsui
- 11 Telford Plaza
- 12 K11
Hyatt Regency Hong Kong, Tsim Sha Tsui
- 13 pentahotel Hong Kong, Kowloon
- 14 ATL Logistics Centre
- 15 NWS Kwai Chung Logistics Centre
- 16 Riviera Plaza Arcade
- 17 Discovery Park Shopping Centre
- 18 PopCorn II (previously named as “The Edge”)
- 19 Hyatt Regency Hong Kong, Sha Tin
- 20 New World Centre
- 21 Lot No. 1780 in DD221, Sai Kung
- 22 DD217, 219 & 222, Pak Kong, Sai Kung

Principal Projects Summary

Project Summary – Major Property Investment Projects in Hong Kong

No.	Name of Property Investment Projects	Total GFA (sq ft)	Group Interest (%)	Total Attributable GFA (sq ft)
COMPLETED				
HONG KONG ISLAND				
1	Manning House	110,040	100.0	110,040
2	New World Tower	640,135	100.0	640,135
3	Shun Tak Centre, Shopping Arcade	214,336	45.0	96,451
4	Hong Kong Convention and Exhibition Centre, Shopping Arcade	87,999	100.0	87,999
5	Grand Hyatt Hong Kong	524,928	100.0	524,928
6	Renaissance Harbour View Hotel	544,518	100.0	544,518
7	Pearl City – Portion of Ground Floor to 4th Floor	53,691	40.0	21,476
	Pearl City – Portion of Ground Floor & Basement	24,682	100.0	24,682
8	2 MacDonnell Road	116,954	100.0 ⁽³⁾	116,954
9	Methodist House	40,813	99.0 ⁽³⁾	40,405
KOWLOON				
10	Sogo Department Store, Tsim Sha Tsui	141,439	100.0	141,439
11	Telford Plaza	335,960	100.0 ⁽³⁾	335,960
12	K11	335,939	78.8 ⁽³⁾	264,552
	Hyatt Regency Hong Kong, Tsim Sha Tsui	277,877	78.8 ⁽³⁾	218,828
13	pentahotel Hong Kong, Kowloon ⁽¹⁾	285,601	100.0	285,601
NEW TERRITORIES				
14	ATL Logistics Centre	9,329,000	34.2	3,190,518
15	NWS Kwai Chung Logistics Centre	920,000	61.1	562,120
16	Riviera Plaza Arcade ⁽²⁾	242,685	100.0	242,685
17	Discovery Park Shopping Centre	466,400	100.0	466,400
18	PopCorn II (previously named as “The Edge”)	125,730	70.0 ⁽³⁾	88,011
19	Hyatt Regency Hong Kong, Sha Tin	538,000	100.0 ⁽³⁾	538,000
	Grand Total	15,356,727		8,541,702
TO BE COMPLETED/UNDER DEVELOPMENT				
20	New World Centre	3,185,647	100.0	3,185,647
21	Lot No. 1780 in DD221, Sai Kung	14,801	100.0	14,801
22	DD217, 219 & 222, Pak Kong, Sai Kung	322,920	100.0	322,920

Notes:

- (1) pentahotel Hong Kong, Kowloon started operation on 5 August 2013
- (2) The Group had entered a contract to dispose the interest of Riviera Plaza Arcade in January 2013 and the transaction was completed in July 2013
- (3) Properties in which the Group has a development interest: other parties provide the land whilst the Group finances the construction costs and occasionally land costs, and is entitled to a share of the rental income or a share of the development profits in accordance with the terms and conditions of the respective joint development agreements after completion
- (4) Meeting rooms
- (5) Logistics centre
- (6) TBD = to be determined

Principal Projects Summary

Retail (sq ft)	Office (sq ft)	Hotel (sq ft)	Residential (sq ft)	Others (sq ft)	Carpark (number)	Lease Expiry
63,383	46,657					2843
77,948	562,187				387	2863
96,451					38	2055
69,173				18,826 ⁽⁴⁾	1,070	2060
		524,928				2060
		544,518				2060
21,476						2868
24,682						2868
			116,954			2031
	40,405					2084
141,439					260	2052
335,960					136	2047
264,552					234	2057
		218,828				2057
		285,601				2057
				3,190,518 ⁽⁵⁾		2047
				562,120 ⁽⁵⁾		2058
242,685					324	2047
466,400					1,000	2047
88,011						2047
		538,000			100	2047
1,892,160	649,249	2,111,875	116,954	3,771,464	3,549	
TBD	TBD	TBD	TBD	TBD	TBD	2052
				14,801		2047
TBD	TBD	TBD	TBD	TBD	TBD	2057

Principal Projects Summary

Project Summary – Major Property Development Projects in Mainland China

No.	Project name	NWCL's Accounting Classification	NWCL's Attributable Interest	Total GFA (sq m)
PROJECTS UNDER DEVELOPMENT/ HELD FOR DEVELOPMENT				
1	Beijing Xin Yi Garden Phase III	JCE	70%	85,895
2	Beijing New View Garden Remaining Phases	JCE	70%	22,561
	Beijing New View Garden Commercial Centre			39,653
3	Beijing Xin Yu Garden Remaining Phases	JCE	70%	605,600
	Beijing Xin Yu Garden Commercial Centre			89,620
4	Beijing Yuzhuang Project Phase I	Subsidiary	75%	59,061
	Beijing Yuzhuang Project Phase II			78,469
5	Langfang New World Centre District B	Subsidiary	100%	28,949
	Langfang New World Centre District B2 and C1			132,277
	Langfang New World Centre District A and C2			231,588
6	Langfang New World Garden District 3	Subsidiary	100%	92,710
	Langfang New World Garden District 1 and 2			200,262
7	Tangshan New World Centre	Subsidiary	100%	229,045
8	Tianjin Xin Hui Hua Ting	Subsidiary	100%	284,570
9	Jinan Sunshine Garden Phase III	Subsidiary	100%	209,437
	Jinan Sunshine Garden Remaining Phases			77,197
10	Shenyang New World Garden Phase IIB	Subsidiary	90%	617,555
	Shenyang New World Garden Remaining Phases			1,616,850
11	Shenyang New World Centre – Expo	Subsidiary	90%	117,647
	Shenyang New World Centre Phase I and IIA			628,901
	Shenyang New World Centre Remaining Phases			535,546
12	Shenyang New World Commercial Centre Phase I Remaining Portion	Subsidiary	100%	46,174
13	Anshan New World Garden Remaining Phases	Subsidiary	100%	1,052,393
14	Dalian New World Tower Remaining Portion	Subsidiary	100%	81,664
15	Wuhan Menghu Garden Phase IIIA and C	Subsidiary	100%	44,452
	Wuhan Menghu Garden Phase IIIB			4,614
16	Wuhan Changqing Nanyuan Phase III	JCE	60%	79,132
17	Wuhan Changqing Garden Phase IX Area 6 South District Phase 1	JCE	60%	90,450
	Wuhan Changqing Garden Phase IX Area 6 South District Phase 2			208,654
	Wuhan Changqing Garden Phase IX Remaining Portion			560,397
	Wuhan Changqing Garden Remaining Phases			797,340
18	Wuhan New World Centre Phase III	Subsidiary	100%	88,015
19	Wuhan Guanggu New World	Subsidiary	100%	330,642
20	Changsha La Ville New World Phase IIA Remaining Portion	Subsidiary	48%	64,505
	Changsha La Ville New World Phase IIIB and C			166,739
	Changsha La Ville New World Phase IV			422,390
21	Yiyang Scenic Heights Phase I	Subsidiary	100%	106,870
	Yiyang Scenic Heights Remaining Phases			1,046,851

Principal Projects Summary

Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Car park and others (sq m)	Development Status	Expected completion date
	768	20,941	52,281	11,905	Under development	Oct/2013
	2,223	12,629		7,709	Under planning	TBD
	16,531	8,052		15,070	Under planning	TBD
251,000	99,800	135,100		119,700	Under planning	TBD
	60,925			28,695	Under planning	TBD
56,023	3,038				Planning completed	Dec/2014
78,469					Under planning	TBD
17,437	4,516			6,996	Under development	Mar/2014
55,257	9,033	41,102		26,885	Under development	Nov/2014
83,355	53,514		38,025	56,694	Under development	TBD
92,710					Under development	Jun/2015
157,753	17,061			25,448	Under planning	TBD
84,368	35,912	49,048		59,717	Under development	Jul/2014
190,687	25,023			68,860	Under development	Mar/2014
144,339	6,736	14,234		44,128	Under development	Jun/2014
	4,353	32,708	18,729	21,407	Under development	TBD
452,075	16,174			149,306	Under development	Dec/2013
1,091,620	112,303	73,260		339,667	Under planning	TBD
				117,647	Under development	Sep/2014
81,754	296,605		131,908	118,634	Under development	Sep/2014
226,525		309,021			Under planning	TBD
46,174					Under development	Dec/2013
734,963	29,228	30,478		257,724	Under planning	TBD
81,664					Under development	Dec/2013
44,452					Planning completed	TBD
4,614					Under development	Dec/2013
63,150	7,318			8,664	Under development	Jun/2014
88,401	2,049				Under development	Jun/2014
158,684				49,970	Planning completed	Jun/2015
383,240	47,257			129,900	Planning completed	TBD
222,006	314,134	14,100		247,100	Under planning	TBD
	21,843	58,720		7,452	Planning completed	TBD
	51,384	127,164	59,142	92,952	Planning completed	TBD
55,316	6,004			3,185	Under development	Jun/2014
64,749	32,648	23,483		45,859	Under development	TBD
377,768	7,239			37,383	Planning completed	TBD
91,305	4,740			10,825	Under planning	Jun/2015
773,031	64,455			209,365	Under planning	TBD

Principal Projects Summary

Project Summary – Major Property Development Projects in Mainland China (continued)

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

Principal Projects Summary

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

Principal Projects Summary

Project Summary – Major Property Development Projects in Mainland China (continued)

No.	Project name	NWCL's Accounting Classification	NWCL's Attributable Interest	Total GFA (sq m)
COMPLETED INVESTMENT PROPERTIES				
39	Beijing New World Centre Phase I	JCE	70%	94,188
40	Beijing New World Centre Phase II	JCE	70%	73,392
41	Beijing Zhengren Building	JCE	70%	16,415
42	Beijing New World Garden	JCE	70%	34,544
	Beijing Xin Yang Commercial Building			3,439
	Beijing Xin Cheng Commercial Building			8,051
1a	Beijing Xin Yi Garden	JCE	70%	43,707
2a	Beijing New View Garden	JCE	70%	12,933
3a	Beijing Xin Yu Garden	JCE	70%	24,800
43	Beijing Xin Kang Garden	JCE	70%	39,910
44	Beijing Baoding Building Shopping Arcade	Subsidiary	100%	62,286
45	Tianjin Xin An New World Plaza	Subsidiary	100%	98,999
46	Tianjin New World Garden	Subsidiary	100%	7,395
9a	Jinan Sunshine Garden	Subsidiary	100%	7,417
10a	Shenyang New World Garden	Subsidiary	90%	208,978
	Shenyang New World Commercial Centre	Subsidiary	100%	9,473
13a	Anshan New World Garden	Subsidiary	100%	53,109
47	Dalian New World Plaza	Subsidiary	88%	69,196
14a	Dalian New World Tower	Subsidiary	100%	48,982
48	Shanghai Hong Kong New World Tower	JCE	50%	130,385
49	Shanghai Ramada Plaza	Subsidiary	100%	34,340
	Shanghai Belvedere Service Apartment			37,935
50	Shanghai Jiu Zhou Shopping Arcade	Subsidiary	100%	129
51	Wuhan New World International Trade Tower I	Subsidiary	100%	121,828
	Wuhan New World International Trade Tower II			10,005
18a	Wuhan New World Centre	Subsidiary	100%	135,811
	Wuhan New World Centre	JCE	60%	6,202
52	Wuhan K11 Gourmet Tower	Subsidiary	100%	20,900
17a	Wuhan Changqing Garden	JCE	60%	82,047
53	Wuhan Xin Hua Garden	JCE	60%	72,006
20a	Changsha La Ville New World Phase I	Subsidiary	48%	22,917
22a	Chengdu New World Riverside Phase I	Subsidiary	30%	76,561
54	Nanjing New World Centre	Subsidiary	100%	52,794

Principal Projects Summary

Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Car park and others (sq m)
	74,232			19,956
	46,378			27,014
				16,415
				34,544
				3,439
				8,051
				43,707
	1,535			11,398
	3,603			21,197
	11,725			28,185
	40,286			22,000
	78,283	9,432		11,284
				7,395
	7,417			
	8,092			200,886
				9,473
	1,417			51,692
	49,413			19,783
	27,067			21,915
	35,474	80,549		14,362
	20,743			13,597
37,935				
	129			
		104,556		17,272
		10,005		
	45,766	62,151		27,894
		563		5,639
	10,320			10,580
	60,186	3,819		18,042
	36,069			35,937
	2,984			19,933
				76,561
	41,712			11,082

Principal Projects Summary

Project Summary – Major Property Development Projects in Mainland China (continued)

No.	Project name	NWCL's Accounting Classification	NWCL's Attributable Interest	Total GFA (sq m)
COMPLETED INVESTMENT PROPERTIES				
23a	Guiyang Jinyang Sunny Town	Subsidiary	50%	33,601
24a	Guangzhou Dong Yi Garden	Subsidiary	100%	13,954
55	Guangzhou New World Oriental Garden	Subsidiary	100%	38,355
56	Guangzhou Central Park-view	Subsidiary	91%	67,186
27a	Guangzhou Covent Garden	Subsidiary	100%	25,655
28a	Guangzhou Park Paradise	Subsidiary	100%	75,917
30a	Guangzhou Xintang New World Garden	JCE	63%	77,617
32a	Shenzhen New World Yi Shan Garden	Subsidiary	100%	9,225
57	Shunde New World Centre	Assoc. Co.	42%	48,517
32a	Zhaoqing New World Garden	Subsidiary	100%	15,062
35a	Huizhou Changhuyuan	JCE	63%	42,294
58	Haikou New World Garden	Subsidiary	100%	32,703
	Subtotal			2,201,160
COMPLETED HOTEL PROPERTIES				
59	pentahotel Beijing	JCE	55%	23,988
60	New World Dalian Hotel	Subsidiary	100%	53,248
61	New World Shanghai Hotel	Subsidiary	100%	46,942
62	pentahotel Shanghai	Subsidiary	100%	13,353
63	New World Wuhan Hotel	JCE	60%	29,411
64	New World Shunde Hotel	Assoc. Co.	33%	36,524
	Subtotal			203,466
	Total (Completed investment and hotel properties)			2,404,626

Principal Projects Summary

Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Car park and others (sq m)
	22,903			10,698
	8,356			5,598
	21,787			16,568
29,868	17,408			19,910
	15,008			10,647
22,220	6,956			46,741
	22,886			54,731
				9,225
	33,577			14,940
	15,062			
	2,313			39,981
				32,703
90,023	769,087	271,075	-	1,070,975
			23,988	
			53,248	
			46,942	
			13,353	
			29,411	
			36,524	
			203,466	
90,023	769,087	271,075	203,466	1,070,975

Principal Projects Summary

Project Summary – Hotel Projects

No.	Name of Hotel	Number of Rooms	Group Effective Interest (%)
HONG KONG			
1	Renaissance Harbour View Hotel	857	64.0
2	Grand Hyatt Hong Kong	549	64.0
3	Hyatt Regency Hong Kong, Sha Tin	567	100.0
4	Hyatt Regency Hong Kong, Tsim Sha Tsui	381	78.8
5	Novotel Citygate Hong Kong	440	20.0
6	pentahotel Hong Kong, Kowloon ⁽¹⁾	695	100.0
Subtotal		3,489	
MAINLAND CHINA			
7	pentahotel Beijing	307	38.5
8	New World Beijing Hotel ⁽²⁾	435	52.5
9	New World Shanghai Hotel	605	70.0
10	pentahotel Shanghai	258	70.0
11	New World Shunde Hotel	370	22.8
12	New World Wuhan Hotel	327	42.0
13	New World Dalian Hotel	420	70.0
Subtotal		2,722	
SOUTHEAST ASIA			
14	New World Makati Hotel, The Philippines	595	31.4
15	New World Saigon Hotel, Vietnam	533	43.2
16	Renaissance Riverside Hotel Saigon, Vietnam	336	46.1
Subtotal		1,464	
Total		7,675	

Notes:

- (1) pentahotel Hong Kong, Kowloon started operation on 5 August 2013
- (2) New World Beijing Hotel ceased operation after 20 April 2010 for renovation. This project will be operated under the brand “Rosewood Hotels & Resorts®” when re-open
- (3) New World Shenyang Hotel with 259 rooms (Group effective interest: 70.0%), ceased business after 30 November 2012 for redevelopment

Principal Projects Summary

Project Summary – Infrastructure Projects

No.	Name of Project	Gross Length	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Expected/ Actual Operation Date	Expiry Date ⁽¹⁾
ROADS						
R1	Guangzhou City Northern Ring Road	22.0 km	CJV	65.3	1/1994	2023
R2	Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section)		CJV	25.0		2030
	Section I	8.6 km			5/1997	
	Section II	53.8 km			12/1999	
R3	Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Northern Section)	27.0 km	CJV	15.0	12/2005	2032
R4	Guangzhou-Zhaoqing Expressway		CJV	25.0		2031
	Phase I	48.0 km			4/2005	
	Phase II	5.4 km			9/2010	
R5	Shenzhen-Huizhou Expressway (Huizhou Section)					
	Expressway	34.7 km	CJV	33.3	6/1993	2023
	Roadway	21.8 km	CJV	50.0	12/1997	2023
R6	Gaoming Bridge	1.1 km	CJV	30.0*	11/1996	2013
R7	Guangzhou Dongxin Expressway	46.2 km	Equity	40.8	12/2010	2035
R8	Guangzhou City Nansha Port Expressway	72.4 km	Equity	22.5	11/2007	2030
R9	Guangdong Unitoll Services Incorporated	N/A	Equity	2.4	1/2013	N/A
R10	Hangzhou Ring Road	103.4 km	Equity	95.0	7/2011	2029
R11	Beiliu City Roadways	16.3 km	WFOE	100.0	5/1998	2026
R12	Rongxian Roadways	16.8 km	WFOE	100.0	5/1998	2026
R13	Yulin – Shinan Roadway	27.8 km	CJV	65.0	5/1998	2026
R14	Yulin Shinan – Dajiangkou Roadway		CJV	60.0		
	Phase I	8.7 km			8/1997	2026
	Phase II	30.0 km			1/1999	2024
R15	Roadway No. 321 (Wuzhou Section)		CJV	52.0		2022
	Phase I	8.7 km			3/1997	
	Phase II	4.3 km			12/1998	
R16	Shanxi Taiyuan – Gujiao Roadway (Taiyuan Section)	23.2 km	CJV	60.0 ⁺	7/2000	2025
R17	Shanxi Taiyuan – Gujiao Roadway (Gujiao Section)	36.0 km	CJV	60.0 ⁺	4/1999	2025
R18	Roadway No. 309 (Changzhi Section)	22.2 km	CJV	60.0 ⁺	7/2000	2023
R19	Taiyuan – Changzhi Roadway (Changzhi Section)	18.3 km	CJV	60.0 ⁺	8/2000	2023
R20	Tangjin Expressway (Tianjin North Section)		CJV	90.0 [#]		
	Section I	43.5 km			12/1998	2028
	Section II	17.2 km			12/2000	2028
R21	Tate's Cairn Tunnel	4.0 km	Equity	29.5	6/1991	2018
		721.4 km				

* Cash sharing ratio of 80% for the first 7 years of the joint venture period and thereafter 30%

⁺ Cash sharing ratio of 90% for the first 12 years of the joint venture period and thereafter 60%

[#] Cash sharing ratio of 90% for the first 15 years of the joint venture period and thereafter 60%

Principal Projects Summary

Project Summary – Infrastructure Projects (continued)

No.	Name of Project	Installed Capacity/ Handling Capacity	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Expected/ Actual Operation Date	Expiry Date ⁽¹⁾
ENERGY						
E1	Zhujiang Power Station – Phase I	600.0 MW	EJV	50.0	1/1994	2017
E2	Zhujiang Power Station – Phase II	620.0 MW	EJV	25.0	4/1996	2020
E3	Macau Power	472.0 MW	Equity	19.0	11/1985	2025
E4	Chengdu Jintang Power Plant	1,200.0 MW	Equity	35.0	6/2007	2040
E5	Guangzhou Fuel Company	7 million tonnes/year	EJV	35.0	1/2008	2033
Power Plant Installed Capacity		2,892.0 MW				

Principal Projects Summary

No.	Name of Project	Capacity	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Expected/ Actual Operation Date	Expiry Date ⁽¹⁾
WATER						
W1	Macau Water Plant	330,000 m ³ /day	Equity	42.5	1985	2030
W2	Zhongshan Tanzhou Water Plant		Equity	29.0		2027
	Phase I	60,000 m ³ /day			1/1994	
	Phase II	90,000 m ³ /day			5/2007	
W3	Zhongshan Dafeng Water Plant		Equity	25.0		2020
	Phase I	200,000 m ³ /day			4/1998	
	Phase II	300,000 m ³ /day			11/2008	
W4	Zhongshan Quanlu Water Plant	500,000 m ³ /day	Equity	25.0	4/1998	2020
W5	Siping Water Plant	118,000 m ³ /day	Equity	25.0	9/2000	2030
W6	Baoding Water Plant	260,000 m ³ /day	Equity	27.5	6/2000	2020
W7	Zhengzhou Water Plant	360,000 m ³ /day	Equity	25.0	8/2001	2031
W8	Panjin Water Plant	110,000 m ³ /day	Equity	30.0	4/2002	2032
W9	Changtu Water Plant	50,000 m ³ /day	Equity	35.0	12/2000	2029
W10	Dalian Changxing Island Environmental Services Company	Waste water (O&M [^]): 40,000 m ³ /day	Equity	47.5	6/2010	2040
W11	Shanghai Spark Water Plant	100,000 m ³ /day	Equity	25.0	1/2002	2031
W12	Shanghai SCIP Water Treatment Plants		Equity	25.0		2052
	Waste water	50,000 m ³ /day			4/2005	
	Industrial water	200,000 m ³ /day			4/2005	
	Demineralized water	4,800 m ³ /day			2/2008	
W13	Sino French Water Environmental Technology Consulting Company	Waste water (O&M [^]): 10,000 m ³ /day	Equity	50.0	10/2009	2039
W14	Qingdao Water Plant		Equity	25.0		2027
	Phase I	543,000 m ³ /day			8/2002	
	Phase II	183,000 m ³ /day			9/2006	
W15	Qingdao Dongjiakou Waste Water Plant	13,200 m ³ /day	Equity	16.3	1H2015 (Estimated)	2042
W16	Sanya Water Plant	235,000 m ³ /day	Equity	25.0	1/2004	2033
W17	Nanchang Water Plant		Equity	25.0		2023
	Phase I	50,000 m ³ /day			1/1996	
	Phase II	50,000 m ³ /day			9/2008	
W18	Chengdu Shuangliu Dayi Water Company		Equity	32.5		2043
	Waste water	19,800 m ³ /day			2/2013	
	Waste water (O&M [^])	15,350 m ³ /day			2/2013	

[^] O&M stands for operation and management consultancy services

Principal Projects Summary

Project Summary – Infrastructure Projects (continued)

No.	Name of Project	Capacity	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Expected/Actual Operation Date	Expiry Date ⁽¹⁾
W19	Chongqing Water Plant		Equity	27.9		2052
	Phase I	380,000 m³/day			11/2002	
	Phase II	160,000 m³/day			7/2006	
	Phase III	200,000 m³/day			7/2011	
W20	Chongqing Tangjiatuo Waste Water Plant	300,000 m³/day	Equity	28.4	1/2007	2036
W21	Chongqing Construction Company		Equity	20.5		2038
	Waste water	100,000 m³/day			2H2013 (Estimated)	
	Sludge treatment	240 tonnes/day			2H2013 (Estimated)	
W22	Chongqing CCIP Water Treatment Plants		Equity	25.5		2055
	Waste water	40,000 m³/day			9/2011	
	Industrial water	120,000 m³/day			9/2011	
W23	Wuhan Chemical Industry Park Water Treatment Plants		Equity	21.5		2041
	Waste water	10,000 m³/day			2H2013 (Estimated)	
	Industrial water	50,000 m³/day			2H2013 (Estimated)	
W24	Tianjin Jieyuan Water Plant	500,000 m³/day	Equity	50.0	3/2009	2022
W25	Tanggu Water Plant	310,000 m³/day	Equity	25.0	4/2005	2034
W26	Xinchang Water Plant	100,000 m³/day	Equity	25.0	3/2002	2032
W27	Changshu Water Plant		Equity	24.5		2036
	Phase I	675,000 m³/day			12/2006	
	Phase II	200,000 m³/day			11/2012	
W28	Suzhou Industrial Park Sludge Treatment Plant	300 tonnes/day	Equity	24.5	5/2011	2039
W29	Shanghai SCIP Waste Incineration Plant	60,000 tonnes/year	Equity	10.0	8/2006	2053
W30	Far East Landfill Technologies Limited	35 million m³	Equity	47.0	6/1995	2045
W31	Chongqing Water Group Company Limited		Equity	6.7	8/2008	
W32	Chongqing Silian Optoelectronics Science & Technology Co. Ltd.		Equity	20.0	6/2011	
	Water and industrial water treatment:	6,434,000 m³/day				
	Demineralized water:	4,800 m³/day				
	Waste water treatment:	598,350 m³/day				
	Sludge treatment:	540 tonnes/day				
	Waste management:	60,000 tonnes/year				
	Landfill:	35 million m³				

Principal Projects Summary

No.	Name of Project	Handling Capacity	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Expected/ Actual Operation Date	Expiry Date ⁽¹⁾
PORTS						
P1	Xiamen New World Xiangyu Terminals Co., Ltd.	1,000,000 TEUs p.a.	EJV	50.0	4/1997	2052
P2	Tianjin Orient Container Terminals Co., Ltd.	1,400,000 TEUs p.a.	Equity	24.5	1/1999	2027
P3	Tianjin Five Continents International Container Terminal Co., Ltd.	1,500,000 TEUs p.a.	EJV	18.0	11/2005	2035
P4	Xiamen Haicang Xinhaida Container Terminals Co., Limited	1,000,000 TEUs p.a.	EJV	46.0	9/2011	2058
LOGISTICS						
L1	ATL Logistics Centre Hong Kong Limited	5,900,000 sq ft leasable area	Equity	56.0	Phase I: 2/1987 Phase II: 3/1988 Phase III: 2/1992 Phase IV: 1/1994 Phase V: 11/1994	2047
L2	NWS Kwai Chung Logistics Centre	920,000 sq ft leasable area	Equity	100.0	12/2011	2058
L3	China United International Rail Containers Co., Limited	18 pivotal rail container terminals	EJV	30.0	Kunming: 1/2008 Chongqing: 12/2009 Chengdu: 3/2010 Zhengzhou: 4/2010 Dalian: 7/2010 Qingdao: 8/2010 Wuhan: 8/2010 Xian: 12/2010	2057

Notes:

(1) Project or JV expiry date

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

WFOE = Wholly Foreign Owned Enterprise

Corporate Governance Report

The Company is committed to maintain a high standard of corporate governance practices to safeguard the interests of the shareholders and enhance the performance of the Group. The board of Directors (the “Board”) reviews and improves the corporate governance practices from time to time to ensure that the Group is under the leadership of an effective board to optimise return for the shareholders.

The Company has complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules (the “CG Code”) throughout the year ended 30 June 2013, with the exception of code provisions A.6.4, A.6.7 and E.1.2.

Deviation from the CG Code

Code provision A.6.4 – Guidelines for securities dealings by relevant employees

As required under code provision A.6.4, the Board should establish written guidelines no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) for relevant employees in respect of their dealings in the securities of the Company. The Board has established its own guidelines for employees in respect of their dealings in the securities of the Company but they are not on no less exacting terms than the Model Code. Such deviation from the CG Code is mainly due to the huge size of employees of the Group, being about 47,000, and its diversified businesses. It will cause immense administrative burden to the Company for processing written notifications from the relevant employees if it shall follow the exact guidelines of the Model Code.

Code provision A.6.7 – Attendance of non-executive directors at general meetings

Pursuant to code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Cha Mou-Sing, Payson, an Independent Non-executive Director of the Company, was unable to attend the annual general meeting of the Company held on 21 November 2012 (the “AGM”) owing to other important engagement at the relevant time.

Code provision E.1.2 – Attendance of chairman of the Board at annual general meeting

Code provision E.1.2 requires the chairman of the Board to attend annual general meeting. Dr. Cheng Kar-Shun, Henry, the Chairman of the Board, was unable to attend the AGM due to commitment in Mainland China. Mr. Cheng Chi-Kong, Adrian, who took the chair of the AGM, together with other members of the Board who attended the AGM, were of sufficient calibre for answering questions at the AGM.

Directors’ Securities Transactions

The Company has adopted the Model Code as its own code of conduct for securities transactions by its Directors.

Having made specific enquiry with all Directors, they confirmed that they had complied with the required standard set out in the Model Code during the year ended 30 June 2013.

Board of Directors

Composition

With effect from 1 July 2013, Mr. Doo Wai-Hoi, William was appointed Vice-chairman and Non-executive Director, and Mr. Au Tak-Cheong was appointed Executive Director of the Company (the "New Appointments"). On 22 July 2013, Mr. Liang Chong-Hou, David ("Mr. David Liang") resigned as Non-executive Director of the Company. Currently, the Board comprises a total of 14 Directors, being seven Executive Directors, two Non-executive Directors and five Independent Non-executive Directors. The number of Independent Non-executive Directors represents more than one-third of the Board as required by Rule 3.10A of the Listing Rules. The biographies of the Directors are set out from pages 82 to 88 of this Annual Report.

All Directors entered into formal letters of appointment with the Company for a term of three years, subject to retirement by rotation in accordance with the articles of association of the Company (the "Articles of Association").

Article 103(A) of the Articles of Association provides that at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Also, pursuant to Article 94 of the Articles of Association, any Director appointed to fill a casual vacancy or as an addition to the Board is subject to re-election at the next following general meeting or next following annual general meeting of the Company respectively.

Independence of Independent Non-executive Directors

Mr. Liang Cheung-Biu, Thomas ("Mr. Thomas Liang") was re-designated as Independent Non-executive Director on 1 March 2012. Mr. Thomas Liang was a Non-executive Director immediately preceding his re-designation. He is also a cousin of Mr. David Liang. Notwithstanding his previous relationship with the Company as a Non-executive Director and his cousin relationship with Mr. David Liang, the Board believes that Mr. Thomas Liang is sufficiently independent to act as an Independent Non-executive Director of the Company and he will be able to perform his duties as an Independent Non-executive Director impartially and independently, for the following reasons:

- (a) as a Non-executive Director, Mr. Thomas Liang had not carried out any executive or managerial functions for the Company and was not financially dependent on the Company;
- (b) even though Mr. Thomas Liang is the cousin of Mr. David Liang, they are independent of each other, and Mr. Thomas Liang does not have any business dealings with Mr. David Liang; and
- (c) other than his previous relationship with the Company as a Non-executive Director and his cousin relationship with Mr. David Liang, Mr. Thomas Liang is independent of and does not have any connection with the Company, its controlling shareholders, any of their respective subsidiaries or connected persons of the Company.

The Company has received annual confirmation of independence from all the Independent Non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board is of the view that all the Independent Non-executive Directors are independent in accordance with the Listing Rules.

Corporate Governance Report

Role of the Board

The Board oversees the management, businesses, strategic directions and financial performance of the Group. It is collectively responsible for the management and operation of the Company. The Board is the ultimate decision making body of the Company except for matters requiring the approval of the shareholders in accordance with the Articles of Association, the Listing Rules or other applicable laws and regulations.

Day-to-day businesses of the Company are delegated to the management who works under the leadership and supervision of the two Joint General Managers and the Executive Committee of the Board as discussed in sections below.

Corporate Governance Functions

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

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of the 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; and
- (e) to review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

Board Meetings

Regular Board meetings are held at least four times a year with at least 14 days' notices and additional meetings with reasonable notices are held as and when the Board considers appropriate. The Company Secretary assists the Chairman in preparing agenda for each meeting. Draft agenda for each Board meeting is circulated to all Directors to enable them to include other matters in the agenda. Agenda accompanying board papers are sent to all Directors at least three days before each regular Board meeting. Board decisions are voted upon at the Board meetings. The Company Secretary records all matters considered by the Board, decisions reached and any concerns raised or dissenting views expressed by the Directors. Minutes of meetings are kept by the Company Secretary with copies circulated to all Directors for information and records.

Directors' Training

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant statutes, laws, rules and regulations. The Company Secretary also provides the Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time.

In addition, all Directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Corporate Governance Report

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged in-house trainings for the Directors in the form of seminar and reading materials from time to time. A summary of training received by the Directors for the year ended 30 June 2013 according to the records provided by the Directors is as follows:

Name of Directors	Type of Continuous Professional Development	
	Training on corporate governance, regulatory development and other relevant topics	Attending corporate events or visits
<i>Executive Directors</i>		
Dr. Cheng Kar-Shun, Henry	✓	–
Mr. Cheng Chi-Kong, Adrian	✓	✓
Mr. Chen Guanzhan	✓	✓
Ms. Ki Man-Fung, Leonie	✓	✓
Mr. Cheng Chi-Heng	✓	–
Ms. Cheng Chi-Man, Sonia	✓	–
<i>Non-executive Directors</i>		
Mr. Liang Chong-Hou, David	✓	–
Mr. Cheng Kar-Shing, Peter	✓	–
<i>Independent Non-executive Directors</i>		
Mr. Yeung Ping-Leung, Howard	✓	–
Mr. Cha Mou-Sing, Payson	✓	–
Mr. Cha Mou-Zing, Victor (alternate to Mr. Cha Mou-Sing, Payson)	✓	–
Mr. Ho Hau-Hay, Hamilton	✓	–
Mr. Lee Luen-Wai, John	✓	–
Mr. Liang Cheung-Biu, Thomas	✓	–

Chairman and the Joint General Managers

Dr. Cheng Kar-Shun, Henry, the Chairman, has provided leadership for the Board and ensured that the Board works effectively and that all important issues are discussed in a timely manner. Mr. Cheng Chi-Kong, Adrian and Mr. Chen Guanzhan, the Executive Directors and Joint General Managers, jointly manage the Company's day-to-day businesses and implement major strategies and policies of the Company. The responsibilities of the Chairman and the two Joint General Managers are clearly set out in their respective letters of appointment. The positions of the Chairman and the Joint General Managers are held by separate individuals so as to maintain an effective segregation of duties.

Non-executive Directors

Non-executive Directors (including the Independent Non-executive Directors) serve the relevant function of bringing independent judgment on the development, performance and risk management of the Group. They have the same duties of care and skill and fiduciary duties as the Executive Directors. Each Non-executive Director has entered into a letter of appointment with the Company for a fixed term of three years, subject to retirement by rotation in accordance with the Articles of Association.

Corporate Governance Report

Board Committees

The Board currently has four committees, namely the Executive Committee, Remuneration Committee, Audit Committee and Nomination Committee. All the Board committees are empowered by the Board under their own terms of reference which have been posted on HKEx's website and/or the Company's website.

Executive Committee

Members:

Executive Directors	Dr. Cheng Kar-Shun, Henry (<i>Chairman</i>)
	Mr. Cheng Chi-Kong, Adrian
	Mr. Chen Guanzhan
	Ms. Ki Man-Fung, Leonie
	Mr. Cheng Chi-Heng
	Ms. Cheng Chi-Man, Sonia
	Mr. Au Tak-Cheong*

* became member on 1 July 2013

The Board has delegated to the Executive Committee comprising all Executive Directors of the Board with authority and responsibility for handling the management functions and day-to-day operations of the Company, while reserving certain key matters such as the declaration of interim dividend, making recommendation of final dividend or other distributions for the approval by the Board. The Executive Committee shall monitor the execution of the Company's strategic plans and the operations of all business units of the Company, and manage and develop generally the businesses of the Company. The Executive Committee meets regularly as and when necessary.

Audit Committee

Members:

Independent Non-executive Directors	Mr. Cha Mou-Sing, Payson (<i>Chairman</i>)
	Mr. Yeung Ping-Leung, Howard
	Mr. Ho Hau-Hay, Hamilton
	Mr. Lee Luen-Wai, John

The Audit Committee is responsible for the review and supervision of the Group's financial reporting process and internal controls.

During the year, the Audit Committee reviewed the audited financial statements for the year ended 30 June 2012 and the unaudited interim financial statements for the six months ended 31 December 2012 with recommendations to the Board for approval, reviewed reports on internal control system of the Group, and discussed with the management and the external auditors of the accounting policies and practices which may affect the Group and the financial reporting matters. The Audit Committee reviewed the system of internal control and the financial statements for the year ended 30 June 2013 with recommendation to the Board for approval.

Remuneration Committee

Members:

Independent Non-executive Directors	Mr. Ho Hau-Hay, Hamilton (<i>Chairman</i>) Mr. Yeung Ping-Leung, Howard Mr. Cha Mou-Sing, Payson Mr. Lee Luen-Wai, John
Executive Director	Dr. Cheng Kar-Shun, Henry

The Remuneration Committee is responsible for making recommendations on the Company's policy and structure on the remuneration of all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy for approval by the Board. It shall also make recommendations to the Board on the remuneration packages of individual Executive Director and senior management.

During the year, the Remuneration Committee met once and reviewed the remuneration policy for the Directors and senior management of the Company. The remuneration for the Executive Directors comprises basic salary, pensions and discretionary bonus. Share options were granted to all Directors and senior management to subscribe for shares in the Company under the Company's share options scheme. In addition, certain Directors had been granted options under share option schemes of various listed subsidiaries to subscribe for shares in those subsidiaries. Details of the remuneration paid to the Directors and members of senior management for the financial year ended 30 June 2013 are disclosed in the notes to the financial statements.

Nomination Committee

Members:

Executive Director	Dr. Cheng Kar-Shun, Henry (<i>Chairman</i>)
Independent Non-executive Directors	Mr. Lee Luen-Wai, John Mr. Liang Cheung-Biu, Thomas

The Nomination Committee has been established with specific terms of reference in accordance with the CG Code. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. It shall consider the suitability of a candidate to act as a Director on the basis of the candidate's qualification, experience, integrity and potential contribution to the Company, and assess the independence of Independent Non-executive Directors taking into account the independence requirements set out in Rule 3.13 of the Listing Rules. During the year under review, the Nomination Committee met once and considered and recommended to the Board on the New Appointments.

Corporate Governance Report

Attendance at Board Meetings, Board Committee Meetings and General Meetings

Name of Directors	Number of Meetings Attended/ Eligible to attend for the year ended 30 June 2013				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
<i>Executive Directors</i>					
Dr. Cheng Kar-Shun, Henry	4/4	–	1/1	1/1	0/1
Mr. Cheng Chi-Kong, Adrian	4/4	–	–	–	1/1
Mr. Chen Guanzhan	4/4	–	–	–	1/1
Ms. Ki Man-Fung, Leonie	3/4	–	–	–	1/1
Mr. Cheng Chi-Heng	3/4	–	–	–	1/1
Ms. Cheng Chi-Man, Sonia	4/4	–	–	–	0/1
<i>Non-executive Directors</i>					
Mr. Liang Chong-Hou, David	3/4	–	–	–	1/1
Mr. Cheng Kar-Shing, Peter	3/4	–	–	–	1/1
<i>Independent Non-executive Directors</i>					
Mr. Yeung Ping-Leung, Howard	3/4	2/2	1/1	–	1/1
Mr. Cha Mou-Sing, Payson	3/4	2/2	0/1	–	0/1
Mr. Ho Hau-Hay, Hamilton	4/4	2/2	1/1	–	1/1
Mr. Lee Luen-Wai, John	4/4	2/2	1/1	1/1	1/1
Mr. Liang Cheung-Biu, Thomas	4/4	–	–	1/1	1/1

Auditor's Remuneration

During the year ended 30 June 2013, the total fee paid/payable in respect of audit and non-audit services provided by the Group's external auditors is set out below:

Type of services	Fee paid/payable for the year ended 30 June	
	2013 HK\$m	2012 HK\$m
Audit services	60.8	56.6
Non-audit services	12.5	10.1
Total	73.3	66.7

Directors' Responsibility for the Financial Statements

The Board, supported by the finance and accounts department, is responsible for the preparation of the financial statements of the Company and the Group. The Board has prepared the financial statements in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies have also been used and applied consistently. The Directors have not been aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company and the Group regarding their reporting responsibilities on the financial statements of the Company and the Group is set out in the Independent Auditor's Report on page 132 of this Annual Report.

Internal Control

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance of applicable laws, rules and regulations. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud.

An internal audit department has been established to conduct audits of the Company and its subsidiaries, jointly controlled entities and associated companies. 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, and to ensure that the internal controls are carried out appropriately 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 Audit Committee also receives the report from the internal audit department and takes such report into consideration when it makes recommendation to the Board for approval of the half-yearly or annual results of the Group.

Company Secretary

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman and is responsible for advising the Board on governance matters. For the year under review, the Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training. The biography of the Company Secretary is set out on page 89 of this Annual Report.

Constitutional Documents

During the year, there is no significant change in the Company's constitutional documents.

Shareholders' Rights

Convening Extraordinary General Meeting ("EGM") and Putting Forward Proposals at Shareholders' Meetings

Shareholders holding not less than one-twentieth (1/20) of the paid-up capital of the Company can deposit a written request to convene an EGM (stating the objects of the meeting and signed by the shareholders concerned) at the registered office of the Company for the attention of the Company Secretary. If the Directors do not within 21 days from the date of the deposit of a request (after being verified to be valid) proceed to convene an EGM on a day not more than 28 days after the date on which the notice convening the EGM is given, the shareholders concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, but any EGM so convened shall not be held after the expiration of three months from the date of the deposit of the request.

To put forward proposals at the shareholders' meeting, a request in writing must be made by:

- (i) shareholders holding not less than one-fortieth (1/40) of the total voting rights of all shareholders having the right to vote at the shareholders' meeting; or
- (ii) not less than 50 shareholders holding shares in the Company on which there has been paid up an average sum, per shareholder, of not less than HK\$2,000,

to the Company to give to shareholders notice of any resolution which may properly be moved and is intended to be moved at an annual general meeting, or to circulate to shareholders any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at any general meeting.

The written request must be signed by all the shareholders concerned in one or more documents in like form and deposited at the registered office of the Company for the attention of the Company Secretary not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution, and not less than one week before the meeting in the case of any other requisition. Upon the request verified to be valid, the Company will give notice of the resolution or circulate the statement provided that the shareholders concerned have deposited a sum reasonably sufficient to meet the Company's expenses in regard thereto.

If a shareholder of the Company intends to propose a person other than a Director of the Company for election as a Director of the Company at any general meeting, the shareholder concerned shall lodge with the registered office of the Company for the attention of the Company Secretary (i) a written notice of his intention to propose that person for election as a Director; and (ii) a written notice by that person of his/her willingness to be elected together with the necessary information within the period commencing no earlier than the day after the dispatch of the notice of the general meeting and ending no later than seven days prior to the date of such general meeting.

Detailed procedures can be found in the following documents which are available on the Company's website:

- "Procedures for Shareholders to convene Extraordinary General Meetings and putting forward proposals at General Meetings"
- "Procedures for Shareholders to propose a person for election as a Director"

Enquiries to the Board

Enquiries may be put to the Board through the Company's Investor Relations Department at 30/F., New World Tower, 18 Queen's Road Central, Hong Kong (email: ir@nwd.com.hk).

Communication with Shareholders

The Board and senior management maintain a continuing dialogue with the Company's shareholders and investors through various channels including the Company's annual general meeting. The Chairman, other members of the Board and external auditor attend the annual general meeting. The Directors will answer questions raised by the shareholders on the performance of the Group. The Company 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. Our corporate website which contains corporate information, interim and annual reports, announcements and circulars issued by the Group as well as the recent developments of the Group enables the Company's shareholders to have timely and updated information of the Group. Shareholders can refer to the "Shareholders' Communication Policy" posted on the Company's website for more details.

Emphasise Investor Relations

To ensure that the investors have a comprehensive and thorough understanding of the Group, the Group participates in different international forums and overseas roadshows on a regular basis to elaborate the Group's business development plans to global investors. We also show our key development projects in both Mainland China and Hong Kong to the media and investors via site visits and meetings, and establish timely and effective two-way communications with media and investors. The Investor Relations Section is set out from pages 78 to 81 of this Annual Report.

Investor Relations



New World Group is committed to maintaining regular dialogue and disclosure with its shareholders, investors, fund managers and analysts. Through the Investor Relations Department, the Group proactively outreaches the investment community, keeping its shareholders and investors informed through various means such as annual general meetings (AGM), the Company's website, regular investor briefings and roadshows, etc.

The Group strives to maintain a high level of standard and transparency in corporate disclosure to promote open, efficient, and two-way communications between the company and the investment community. The Group's Shareholders' Communication Policy sets the Group's principle of conveying corporate information to investors, ensuring that shareholders are informed of all major developments of the Group. The Group has been recognised by the market for quality corporate information disclosure and investor relations over the years.

Integrated communication with investors

The Group is pledged to maintain communication with its shareholders and the investment community through various channels. AGM is organised every year to allow shareholders, the Board of Directors and the company management to discuss and decide on important affairs of the company. While shareholders are encouraged to attend and vote at AGM and other general meetings, the Chairman, members of the Board, together with senior management of the company will attend and allow sufficient time during meetings for questions and comments from shareholders. Management also ensures the presence of external auditor during meetings to answer questions on auditor's report and the accounting policies, etc. The poll results at general meetings will be available on the Company's website to ensure shareholders and public are given equal access to the results.

Investor Relations

The Group's financial reports act as another principal channel for shareholders and the investment community to understand the Group's latest business performance and future developments. The audited financial statements of the Company are announced within three months after the end of the financial year, followed by the annual report which reports its financial position, presents the Company's strategies, operations, and assessment of its prospects, in a clear and detailed manner. Investors and shareholders are able to comprehend the performance of the Company and its financial positions in the financial reports, and may make reference to the reports in making their investment decisions.

Besides, announcements are made available on both the Stock Exchange of Hong Kong and the Company's website to keep the shareholders and the investors abreast of all company major updates. Being fully aware of the importance of fair disclosure, voluntary announcements are made whenever appropriate by the Group to announce price-sensitive information pursuant to the Listing Rules. To facilitate effective communication with shareholders, investors and other stakeholders, New World Development's corporate website features a dedicated Investor Relations section (www.nwd.com.hk/ir) which contains relevant financial information, reports, announcements and circulars issued by the Group. Major investment activities and information related to recent property launches of the Group are also listed on website as an online resource for investors and stakeholders.

The Investor Relations Department acts as the linkage between the Company and investment community. Investor enquiries are logged and handled at a timely manner pursuant to the Shareholders' Communication Policy. For enquiries or suggestions, please send an email to ir@nwd.com.hk.



Investor Relations



Major investor relations events in FY2013

The Group makes full use of every opportunity to engage shareholders and investors. Interim and annual results of the Company are announced on a half-year basis with dedicated briefings organised for analysts. During the briefings, management presents the financial results and communicates with analysts on business strategies and future development plans. Physical meetings, luncheons, conference calls as well as non-deal roadshows are also organised regularly to aid the investment community to understand our operations and development trends better.

To strengthen the market's understanding to our property development businesses, property tours, visits to development sites and showflats are often organised in Hong Kong and Mainland China for investors, fund managers and analysts. The Group often participates in local and regional investor conferences which allow interactive discussion on the Group's operations among the management and investment community. Currently New World Development is covered by a group of analysts from investment banks and research reports are published regularly. Feedbacks from the investment community on the Group are consolidated and revert to the management to enhance two-way communications.

During the year under review, the Group had joined over 20 global investor conferences and roadshows held in Mainland China, Hong Kong, Singapore, Korea, United States of America and Europe. The Group has maintained active communications with over 850 investors and analysts and visits to The Signature, The Riverpark and several development sites in Yuen Long and Mainland China have been organised for over 80 investors and analysts.

Investor Relations

Market Recognitions

Over the years, the Group's outstanding performance in investor relations and corporate governance are highly recognised by various parties. In January 2013, New World Development garnered "Outstanding Enterprise Awards 2012 – Outstanding Investor Relations (Property Sector)" from Quamnet, a key financial portal in Hong Kong. The Company has claimed a total of six awards in "3rd Asian Excellence Recognition Awards" in March 2013 and "9th Corporate Governance Asia Recognition Awards" in June 2013 organised by the renowned corporate governance publication Corporate Governance. Awards garnered include: "Asia's Best CEO (Investor Relations) – Mr Adrian Cheng", "4th Asian Corporate Director Recognition Awards – Mr Adrian Cheng", "Best Investor Relations Company", "Best Investor Relations Website/promotion", "Best Investor Relations Officer" and "Asia's Outstanding Companies on Corporate Governance".

The Group regards annual reports as an important communication channel and highly values the contents and production of its annual reports. The team prudently compiles and produces the annual report with an aim to enhancing corporate transparency and providing accurate information for investors and stakeholders. New World Development's FY2012 annual report has garnered "Gold Award in Traditional Annual Report: Real Estate Development/Service: Various & Multi-Use" in 27th International ARC Awards. "Silver Award in Annual Reports – Corporate – Traditional: Annual Report 2012" and "Bronze award in Annual Reports – Artistic: Annual Report 2012" have been granted in 2012 International Astrid Awards. The Company has also won "Bronze award in Annual Reports – Cover: Abstract/Graphics" in 26th International Mercury Awards. Besides annual report, NWD's investor relations webpage www.nwd.com.hk/ir has also won "Bronze Award in Promotion/Marketing – Websites/Emerging Media: Investor/Shareholder Relations Site" in the 26th International Mercury Awards. The high standard of investor relations that New World Development has established has been well received by investors and the financial community.



Directors' Profile



Dr. Cheng Kar-Shun, Henry

BA, MBA, DBA(Hon), LLD(Hon), GBS (Aged 66)

Appointed as Director in October 1972, Executive Director in 1973, became Managing Director from 1989 and Chairman from March 2012. Dr. Cheng is a member of the Remuneration Committee and the chairman of the Nomination Committee and Executive Committee of the Board of Directors of the Company. Dr. Cheng is the chairman and managing director of New World China Land Limited, the chairman of NWS Holdings Limited, the chairman and non-executive director of New World Department Store China Limited and Newton Resources Ltd, the chairman and executive director of Chow Tai Fook Jewellery Group Limited, the chairman of International Entertainment Corporation, an independent non-executive director of HKR International Limited, and a non-executive director of Lifestyle International Holdings Limited and SJM Holdings Limited, all of them are listed public companies in Hong Kong. Dr. Cheng is also the chairman of New World Hotels (Holdings) Limited and a director of certain subsidiaries of the Group. He is a director of 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, all of them are substantial shareholders of the Company. Dr. Cheng 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 father of Mr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia, the brother-in-law of Mr. Doo Wai-Hoi, William, the brother of Mr. Cheng Kar-Shing, Peter and the uncle of Mr. Cheng Chi-Heng.

Directors' Profile

Mr. Doo Wai Hoi, William

JP (Aged 69)

Appointed as the Vice-chairman and Non-executive Director in July 2013. Mr. Doo is also an executive director of Lifestyle International Holdings Limited and an independent non-executive director of The Bank of East Asia, Limited and Shanghai Industrial Urban Development Group Limited, all being listed public companies in Hong Kong. Mr. Doo was the vice-chairman and non-executive director of New World China Land Limited and the deputy chairman and non-executive director of NWS Holdings Limited up to his resignation on 1 July 2013. Mr. Doo is also a director of certain subsidiaries of the Group. Mr. Doo is the chairman of his private entities, namely, Fung Seng Enterprises (Holdings) Limited in The People's Republic of China and Fung Seng Enterprises Limited in Hong Kong. Mr. Doo is a Justice of the Peace appointed by the Government of the Hong Kong Special Administrative Region. He is also a National Committee Member of the Twelfth Chinese People's Political Consultative Conference of The People's Republic of China, the Honorary Consul General of the Kingdom of Morocco in Hong Kong and Macau, and a Governor of the Canadian Chamber of Commerce in Hong Kong. He was awarded the Chevalier de la Légion d'Honneur by the Republic of France in 2008. Mr. Doo is the brother-in-law of Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kar-Shing, Peter, and the uncle of Mr. Cheng Chi-Kong, Adrian, Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Heng.



Mr. Cheng Chi-Kong, Adrian

(Aged 33)

Appointed as an Executive Director in March 2007, and became Executive Director and Joint General Manager from March 2012. Mr. Cheng is a member of the Executive Committee of the Board of Directors of the Company. Mr. Cheng is an executive director of New World China Land Limited, New World Department Store China Limited, Chow Tai Fook Jewellery Group Limited and International Entertainment Corporation, and a non-executive director of Giordano International Limited and Modern Media Holdings Limited, all being listed public companies in Hong Kong. He is a director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, both are substantial shareholders of the Company. He is also the chairman of New World Group Charity Foundation Limited and a director of certain subsidiaries of the Group. Mr. Cheng worked in a major international bank prior to joining the Group in September 2006 and has substantial experience in corporate finance. Mr. Cheng holds a Bachelor of Arts Degree (*cum laude*) from Harvard University. He is the vice-chairman of the Youth Federation of the Central State-owned Enterprises, the vice-chairman of All-China Youth Federation, 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. He is the son of Dr. Cheng Kar-Shun, Henry, the brother of Ms. Cheng Chi-Man, Sonia, the nephew of Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.



Directors' Profile



Mr. Chen Guanzhan

(Aged 54)

Appointed as an Executive Director and Joint General Manager in March 2012. Mr. Chen joined the Company as general manager in January 2011. He is a member of the Executive Committee of the Board of Directors of the Company. He also acts as director of New World Group Charity Foundation Limited and certain subsidiaries of the Group. Mr. Chen holds a Bachelor of Science Degree from Sun Yat-Sen University in Guangzhou and a Master of Science Degree in Environmental Chemical Engineering from South China University of Technology in Guangzhou. He had also been a visiting scholar to the California State University, Northridge in the U.S.A., where he studied Public Administration. Mr. Chen had previously taught at South China University of Technology, and held certificates as university lecturer, senior engineer, and held offices in various departments of the Guangzhou Municipal People's Government. Mr. Chen has extensive experience in administration management, corporate management and capital management with a strong academic and practical foundation.



Mr. Yeung Ping-Leung, Howard

(Aged 56)

Appointed as Director in November 1985. Mr. Yeung is a member of the Audit Committee and the Remuneration Committee of the Board of Directors of the Company. He is also the chairman of King Fook Holdings Limited and an independent non-executive director of Miramar Hotel and Investment Company, Limited, both being listed public companies in Hong Kong.



Mr. Cha Mou-Sing, Payson

JP, DSSc(Hon) (Aged 71)

Appointed as Director in April 1989. Mr. Cha is the chairman of the Audit Committee and a member of the Remuneration Committee of the Board of Directors of the Company. Mr. Cha is also the chairman of HKR International Limited and the non-executive chairman of Hanison Construction Holdings Limited, both of them are listed public companies in Hong Kong. He is also an independent non-executive director of Eagle Asset Management (CP) Limited – Manager of Champion Real Estate Investment Trust which is listed on The Stock Exchange of Hong Kong Limited, the chairman of Mingly Corporation, a director of Asia Television Limited and an independent non-executive director of Hong Kong International Theme Parks Limited. Mr. Cha retired as a member of the National Committee of the Chinese People's Political Consultative Conference in March 2013.

Directors' Profile

Mr. Cheng Kar-Shing, Peter

(Aged 61)

Appointed as Director in October 1994. Mr. Cheng is also an executive director of New World China Land Limited, and an independent non-executive director of King Fook Holdings Limited and Symphony Holdings Limited, all being listed public companies in Hong Kong. Also, he is a director of 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, all of them are substantial shareholders of the Company. Mr. Cheng is a director of New World Hotels (Holdings) Limited, NWS Service Management Limited and certain subsidiaries of the Group. Mr. Cheng is also the chairman of Chow Tai Fook Charity Foundation, 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. Mr. Cheng is the brother of Dr. Cheng Kar-Shun, Henry, the brother-in-law of Mr. Doo Wai-Hoi, William, the father of Mr. Cheng Chi-Heng, and the uncle of Mr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia.



Mr. Cha Mou-Zing, Victor

(Alternate Director to Mr. Cha Mou-Sing, Payson) (Aged 63)

Appointed as Alternate Director in September 2000. Mr. Cha is the deputy chairman and managing director of HKR International Limited, and an independent non-executive director of SOHO China Limited, both are listed public companies in Hong Kong, and a director of United Nigerian Textiles PLC which was privatised and delisted from The Nigerian Stock Exchange in October 2011. He has extensive experience in the textile manufacturing and real estate businesses.



Mr. Ho Hau-Hay, Hamilton

(Aged 62)

Appointed as Non-executive Director in August 2004 and was re-designated as Independent Non-executive Director in November 2007. Mr. Ho was an Alternate Director of the Company from 7 January 2004 to 29 August 2004. Mr. Ho is the chairman of the Remuneration Committee and a member of the Audit Committee of the Board of Directors of the Company. He is also an independent non-executive director of King Fook Holdings Limited (a listed public company in Hong Kong), and an executive director of Honorway Investments Limited and Tak Hung (Holding) Company Limited.



Directors' Profile



Mr. Lee Luen-Wai, John

BBS, JP (Aged 64)

Appointed as Independent Non-executive Director in August 2004. Mr. Lee is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board of Directors of the Company. Mr. Lee is also the managing director and chief executive officer of Lippo Limited, an executive director and chief executive officer of Lippo China Resources Limited and Hongkong Chinese Limited, as well as an independent non-executive director of New World China Land Limited, all being listed public companies in Hong Kong. He was a non-executive director of Asia Now Resources Corp., a company listed on TSX Venture Exchange of Canada, and Export and Industry Bank, Inc., a former listed public company in the Republic of Philippines, up to 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 Price Waterhouse (now PricewaterhouseCoopers) 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 as the chairman of the Board of Trustees of the Hospital Authority Provident Fund Scheme and the chairman of the Queen Elizabeth Hospital Governing Committee. In addition, Mr. Lee serves as a member of the Appeal Boards Panel (Education).



Mr. Liang Cheung-Biu, Thomas

(Aged 66)

Appointed as Non-executive Director in August 2004 and was re-designated as Independent Non-executive Director in March 2012. Mr. Liang is a member of the Nomination Committee of the Board of Directors of the Company. Mr. Liang is an independent non-executive director of Miramar Hotel and Investment Company, Limited (a listed public company in Hong Kong) and the group chief executive of Wideland Investors Limited. Mr. Liang is a member of the Court of the Hong Kong Baptist University. He has extensive experience in financial management, corporate finance, banking, real estate development and equity investment.

Directors' Profile

Ms. Ki Man-Fung, Leonie

BA(Hon), SBS, JP (Aged 66)

Appointed as a Non-executive Director in December 2008 and was re-designated as Executive Director in March 2012. Ms. Ki is a member of the Executive Committee of the Board of Directors of the Company. Ms. Ki has been the managing director of New World China Enterprises Projects Limited (a subsidiary of the Company) since 1997 and is also a director of certain subsidiaries of the Group. Ms. Ki is an independent non-executive director of Clear Media Limited and Sa Sa International Holdings Limited, both are listed public companies in Hong Kong. Ms. Ki is also a director of Chow Tai Fook Charity Foundation and New World Group Charity Foundation Limited. Ms. Ki has more than 30 years' experience in integrated communication and marketing services. She was the founder, partner and chairman/chief executive officer of Grey Hong Kong Advertising Limited and Grey China Advertising Limited. Ms. Ki is committed to the community and public services. She was the first chief executive of The Better Hong Kong Foundation. She is currently a life member of the Children's Cancer Foundation, vice chairman of UNICEF Hong Kong Committee, trustee member of Ocean Park Conservation Foundation, honorary secretary of Wu Zhi Qiao Charitable Foundation, a member of the Hong Kong Housing Society, a member of the Asian Advisory Board of Cheng Yu Tung Management Institute, Richard Ivey School of Business (University of Western Ontario, Canada), a member of the Advisory Board of the EMBA Programme of The Chinese University of Hong Kong, council member of The University of Hong Kong, a National Committee Member of the Twelfth Chinese People's Political Consultative Conference of The People's Republic of China and a member of The Chinese People's Political Consultative Conference of Yunnan Province, and a recipient of Honorary University Fellowship from The Open University of Hong Kong and The University of Hong Kong, the honour of Beta Gamma Sigma from The Chinese University of Hong Kong Faculty of Business Administration, Justice of the Peace and the Silver Bauhinia Star by the Government of the Hong Kong Special Administrative Region.



Mr. Cheng Chi-Heng

(Aged 35)

Appointed as an Executive Director in June 2010. Mr. Cheng is a member of the Executive Committee of the Board of Directors of the Company. He also acts as director of certain subsidiaries of the Group. Mr. Cheng is an executive director of Chow Tai Fook Jewellery Group Limited, a listed public company in Hong Kong. Mr. Cheng is a director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, both are substantial shareholders of the Company. Mr. Cheng worked in Yu Ming Investment Management Limited from 1999 to 2000 as a corporate finance executive. He obtained his Bachelor of Arts degree majoring in Economics from the University of Western Ontario, Canada in 1999. He is the son of Mr. Cheng Kar-Shing, Peter, the nephew of Dr. Cheng Kar-Shun, Henry and Mr. Doo Wai-Hoi, William, and the cousin of Mr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia.



Directors' Profile



Ms. Cheng Chi-Man, Sonia

(Aged 32)

Appointed as an Executive Director in March 2012. Ms. Cheng is a member of the Executive Committee of the Board of Directors of the Company. She is currently the chief executive officer of Rosewood Hotel Group and oversees the hotel division as well as the project management division of the Group. She is also an executive director of New World China Land Limited, a listed public company in Hong Kong, and a director of certain subsidiaries of the Group. Before joining the Group in 2008, Ms. Cheng 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 the U.S.A.. Ms. Cheng is a member of the Eleventh Guizhou Municipal Committee of The Chinese People's Political Consultative Conference. Ms. Cheng is the daughter of Dr. Cheng Kar-Shun, Henry, the sister of Mr. Cheng Chi-Kong, Adrian, the niece of Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.



Mr. Au Tak-Cheong

(Aged 61)

Appointed as an Executive Director in July 2013. Mr. Au is a member of the Executive Committee of the Board of Directors of the Company. Mr. Au joined the Company in 1975. He is currently the Head of the Finance and Accounts and senior management of the Company and is responsible for overseeing compliance of policy and procedures in relation to accounting matters of the Group. He possesses over 30 years of experience in finance and accounting and treasury. He is also a non-executive director of New World Department Store China Limited, a listed public company in Hong Kong, and a director of certain subsidiaries of the Group.

Senior Management Profile

Mr. Wong Man-Hoi

BSc(Eng)(Hon), LLB(Hon) (Aged 54)

Appointed as the Company Secretary of the Company in January 2011. Mr. Wong joined the Company in November 2000 and has headed the Legal Department since November 2001. Mr. Wong is a member of the Law Society of Hong Kong and has been a qualified solicitor in Hong Kong since 1994. Before joining the Company, Mr. Wong worked as a solicitor in Deacons specializing in real estate practice. Mr. Wong obtained his Bachelor of Science (Engineering) degree from the University of Hong Kong in 1981, Bachelor of Laws degree from the University of London in 1990 and passed the Solicitors' Final Examination of the Law Society of England and Wales in 1992.

Mr. Sitt Nam-Hoi

BA(Hons), BArch(Distinction), HKIA, Authorised Person (List 1) (Aged 59)

Appointed as Head of Projects (Hong Kong) of the Company in February 2011. He is currently the senior director of the Project Management Department of the Company. Mr. Sitt is a Registered Architect and is responsible for overseeing all project management matters for all property development projects of the Company in Hong Kong. Before joining the Company, Mr. Sitt was the project director of Sun Hung Kai Properties Limited which he worked for over 25 years. Mr. Sitt has extensive project management experience and participated in various significant projects in Hong Kong and the PRC.

Corporate Sustainability

Building a desirable living environment has always been one of the prime objectives of New World Group. In addition to the development of projects such as residential buildings, shopping malls, hotels and commercial complexes, the Group also strives to create a better and more harmonious community. The Group believes in equal opportunities for everyone in our society and dedicates to improving the social mobility of under-resourced children and youth through corporate sustainability initiatives focusing on sports, arts and culture. Pursuing profits is not the Group's sole objective – it also actively promotes the development of the community, its staff and the environment to create a better New World.

Fulfilling Our Promise to Promote Sustainable Development

The Group established its Group Sustainability Steering Committee (the "Committee") chaired by Mr Adrian Cheng, Executive Director and Joint General Manager, at the beginning of 2012. The Committee has established the Group's Sustainability Policy and is responsible for formulating relevant policies and objectives to lead the Group, its employees and stakeholders to a sustainable future. Subsidiaries of the Group have also set up their own sustainability committees, which comprise different departments and have the flexibility to implement sustainable development programmes according to their own operational needs.

Improving Social Mobility of Under-resourced Communities

To strengthen the Group's commitment to corporate sustainability, the Group has established the New World Group Charity Foundation with an aim to improve the social mobility of the under-resourced communities through a series of sports, arts and cultural initiatives.

Spreading Love and Care to Communities in our Society

The Group strives to build an outstanding team of staff and encourages staff and their family members to participate in volunteering activities to build a harmonious society. Love • New World Volunteers Club was formed in July 2012 by staff and their family members to join its volunteering activities to help those in need.

The Group has always strived to be a responsible corporate citizen and build a better society.

Sports for All

Sports energise us and unleash our potential. Through various sports activities, the Group hopes to convey to society and its staff that obstacles can be surmounted by perseverance.



Talk of the Town – Creating an International Swimming Event

Since 2011, the Group has been joining forces with the Hong Kong Amateur Swimming Association on New World Harbour Race which has revived a historical event that has ceased for 33 years. Following the success of the New World Harbour Race 2011, the Major Sports Event Committee has awarded the M Mark Status to the New World Harbour Race 2012, further showcasing Hong Kong's competence in hosting major sports events. A Brand Hong Kong event, this year's Race has also been recognised as an official activity of the Hong Kong: Our Home campaign.

Corporate Sustainability



The Group is the title sponsor of the Race for the third consecutive year. Not only does the Race epitomise the spirit of unity and perseverance which defines Hong Kong people, it has become an international sports event this year. With international elite swimmers participating in it, the Race has boosted Hong Kong's international image and given local swimmers the chance to meet and learn from some of the world's best swimmers.

The outstanding reception given to the Race in 2012 has led to 2013's enrolment quota being raised to 2,000 participants. The Race this year is divided into the racing group and the leisure group for the public.

Promoting A Low-Carbon Lifestyle and the Development of Cycling Sport

In addition to New World Harbour Race and New World Springboard, the Group is also the title sponsor of the New World Cycling Charity Championship 2013, echoing the Hong Kong government's promotion of the New Territories cycling network as a part of our city's holistic development. The event also promotes the importance of bicycle safety and helps build a bicycle-friendly city. The Group also hopes to advocate cycling as a leisure activity or a means of short-distance transportation which will improve the health of the public and provide for them a low-carbon lifestyle.



The proceeds received from this year's TWGHs Charity sections will be donated directly to Tung Wah Group of Hospitals, demonstrating the Group's commitment towards helping those in need.

Unleashing Staff's Sportsmanship

The Volleyball Team and the Running Team under New World Sports Club are managed by retired athletes who have joined the Group through the Hong Kong Athletes Career and Education Programme under the Sports Federation & Olympic Committee of Hong Kong. In addition, New World Sports Club books sports facilities on a regular basis for use by staff to promote a healthy lifestyle. New World Sports Club also holds NWD F.I.T. Sports Day to further develop staff's sportsmanship and passion for sports.

New World Basketball League is an inter-company basketball competition featuring outstanding basketball matches for men's and women's teams scheduled throughout the year.



Corporate Sustainability

Art and Culture

A registered not-for-profit organisation in Hong Kong, K11 Art Foundation (“KAF”) aims to become a sustainable incubation force in the global ecosystem of art, design and creativity, and to create strong public desire for the local contemporary art scene.

It serves as a sustainable incubating springboard where young emerging artists from Greater China are nurtured and their creative ideas and contribution to humanity globally manifested. Through innovative educational programmes, art spaces, art database across Greater China and unique collection of contemporary art, KAF provides local communities, especially young and inquisitive members of our generation, easy access to appreciate art and thereby elevates our collective understanding of culture.



A Creative Platform for Talent Incubation

Talented young artists from Greater China will be able to realise and showcase their full potential via amicable collaborations and cross-regional experimentations regionally and globally. For example, KAF has been hosting multi-content art exhibitions during the Paris Fashion Week in March annually since 2011, showcasing the works and creations of emerging artists such as Meng Baishen, Charles Guo, Xiao Yu and Zhang Huishan.

KAF has also collaborated with institutions such as Tsinghua University and Hong Kong Design Centre in providing a broader platform for young talents to showcase their works.



Art for the Masses

The extensive network and resources of K11 in Hong Kong and Mainland China catalyse a continuous interaction among artists, students, office occupants and the general public to strengthen art appreciation and awareness for our current and future generations. Our interactive art exhibitions engage easily with the general public and make art a fun thing to do.

Leveraging on the success of the flourishing K11 Art Space Workshops, K11 Art Village, K11 Artist-in-Residence Programme, K11 Artist Klub and K11 Kollection, the activities and infrastructure in these convenient destinations and their outreach extensions allow KAF to attract and engage a steady stream of participating audiences and maximise the public exposure of local artists and programmes.



New World Springboard

New World Springboard offers long-term support to under-resourced children and youth, enabling them to unleash their full potential and equipping them to become future leaders who will strive to build a better society. The programme aims at helping the children and youth develop a positive outlook on life and learn to embrace challenges with an indomitable spirit.



New World Springboard is funded by New World Group Charity Foundation which has been set up by New World Group to improve the social mobility of under-resourced children and youth in our society. The current phase of the project focuses on swimming and basketball playing by providing seven years of professional training to qualified children and youths, with the mission of discovering new talents for Hong Kong. The students also participate in the New World Springboard Mentorship Programme.



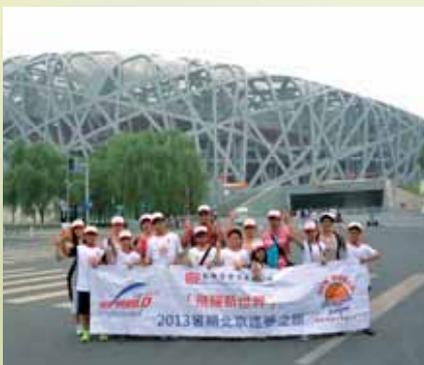
Professional Swimming and Basketball Training to Realise Students' Dreams

Established in 2012, New World Swimming Academy is a supported by the Hong Kong Amateur Swimming Association which provides a platform for nurturing budding swimming stars who may otherwise not be able to learn swimming due to financial concerns.

Gifted swimmers are identified to enter a professional training programme of seven years. By offering them training, the programme targets at enabling them to compete in inter-school or public competitions, or even become qualified to enter the New World Harbour Race. The programme has been launched in Sham Shui Po, Tung Chung and Tuen Mun and currently has 250 students.



Following the resounding success of New World Swimming Academy, New World Group established New World Basketball League supported by the Hong Kong Basketball Association in early 2013, extending a helping hand to under-resourced children and youth with a passion for basketball.



New World Basketball League kick-starts with five districts, namely Tin Shui Wai, Kwai Tsing, Tung Chung, Kwun Tong and Sham Shui Po. About 150 children and youths aged 8 to 11 from under-resourced families were recruited to attend basketball training. As a token of appreciation for eight students of the programme with outstanding performance, New World Springboard organised A Journey of Dreams, a three-day summer trip to Beijing where they met Jeremy Lin, NBA superstar who encouraged them to follow their basketball dreams.

Corporate Sustainability

Being a Positive Influence in Students' Lives

Besides providing free swimming and basketball training to these under-resourced children and youths, the Group also cares about their psychological development. To this end, the Group recruited staff members to take part in the New World Springboard Mentorship Programme and become their mentors. Staff members help these youths onto the springboard and leap into a bright future.



The mentorship programme organises various activities for the students and the mentors, to enhance the communication between them. Mentors get to know students through gatherings and telecommunications and become their companions on their life paths, helping them cultivate a positive outlook on life while giving them care, encouragement and guidance along the way.

Broadening Students' Horizons to Help Them Reach Higher

The programme organises a wide range of activities on a regular basis to expand students' horizons and strengthen the friendships between students and their mentors.

New World Springboard Welcoming Party was held in January 2013 at Hong Kong Science Park where around 500 students, parents and staff members witnessed the beginning of the New World Springboard and the launch of its official website.



Over 200 students and mentors attended a conservation tour at Ocean Park in April 2013. Tutors from Ocean Park Academy – Hong Kong introduced to students characteristics of different animals as well as key concepts on conservation. The trip has not only enhanced students' knowledge in nature conservation, but also deepened the bonds between mentors and students.



In July 2013 the Group organised a tour of the environment-friendly facilities at the depot headquarters of New World First Bus for mentors and students. Students had the chance to play the role of bus captains. The students and mentors rode the bus to tour the environmental facilities at the depot, which allows them to understand the depot's daily operation and maintenance equipment.



Nurturing Talents around the World

Talent development has always been an integral part of the Group's commitment towards nurturing human capital for our society.

With International Congress of Chinese Mathematicians as chair organiser and Taida Institute for Mathematical Sciences and Tsinghua University as co-organisers and fully supported by the Group and China Young Leaders Foundation, **New World Mathematics Awards 2013** nurtures young Chinese mathematics talents worldwide and encourages exchange of knowledge. The Awards was established in 2007 by Dr Henry Cheng, Chairman and Executive Director of New World Development Company Limited and the world renowned Chinese mathematician Professor Yau Shing-tung and was held for the third time this year.



The **New World Harvard Kennedy School Fellows Programme**, established in 1998 with a generous gift from the Group, is now recognised by the Chinese government as one of the best overseas training programmes for public officials. Each year, 20 outstanding Chinese government leaders come to Harvard Kennedy School to join a short-term executive education programme or pursue a four-month research project. This programme allows prominent Chinese leaders and policymakers to develop their professional skills and interact with international leaders of similar seniority and experience, leading to greater mutual understanding and trust between China and the international community.



Jointly organised by the Hong Kong United Youth Association ("HKUYA"), the Group and HKUYA Student Exchange Network, **HKUYA New Youth New World 2013** Summer Internship Programme gave 300 elite students from eight universities in Hong Kong the chance to complete a six-week summer internship in Beijing, Chengdu and Dalian respectively. Internship positions were offered by organisations such as state-owned enterprises, cultural organisations, the government agencies of Mainland China, Hong Kong enterprises, the State Press and Publication Administration of Radio, China Central Television. New Youth New World was established in 2007.

Putting Our Staff First

UNITI means You, New World, Innovation, Trust and Improvement, symbolising the Group's core values. UNITI also implies Unity, which means the Group, its employees and stakeholders are united for a better future.



Building A Channel for Communication

The Group communicates with its employees through its e-magazine *News Bites*, intranet, emails and staff magazine *New World • New Words*. The Group also launched the Management Channel in September 2012 for employees to understand the latest management thinking. The Group's Human Resources Committee organised Luncheon with Adrian to allow staff from different ranks and subsidiaries to have the chance to interact with and voice their opinions to Adrian Cheng, Executive Director and Joint General Manager.

The Employee-friendly Programme – Employee Feedback Sessions has been held regularly since May 2012, allowing staff to express their views towards the work environment, staff benefits, internal communication, staff activities and training. The internal discussion forum Net Work also allows colleagues from different regions to exchange their views on the Group.

Nurturing Talents



Having an excellent workforce is the foundation of success. Thus the Group is committed to nurturing talents by offering sustainable training through New World University. Programmes offered include New World Star Executive Development Programme, Accelerating Management Talent Programme, New World Young STAR Programme, management trainee programme, Annual Group Management Forum and a series of training courses aiming to hone the leadership skills and knowledge of staff at different ranks.

Areas of training include management, legal and financial knowledge, corporate governance, team building, communication and presentation skills, customer service, computer knowledge and innovative thinking. Workshops and seminars held by professionals are organised on a regular basis.

Corporate Sustainability



Our Care Policy

The Group understands the needs of its employees and works hard to make them feel proud to be a part of the New World family. The Group has implemented five-day work week, birthday leave and three-day paternity leave to allow employees to spend more time with their families. Monthly birthday parties are held and various gifts are given to employees in celebration of different festivals, demonstrating the Group's care for its staff.

The Group's Sports and Recreation Club regularly organises activities for staff to help them socialise with other colleagues. Activities such as New World Group Fun Day also welcome family members. Through competitive games, employees strengthen their team spirit and enjoy the time spent with their loved ones. New World Group Family Open Day is held each year, giving staff's family members the opportunity to visit offices of New World.



Corporate Sustainability

Green World

The Group is proud to be a part of the green bandwagon and grasps the need to minimise its development's negative impact on the environment. In addition to developing eco-friendly projects, the Group also educates the public on environmental protection to achieve sustainable growth.

Eco-shopping Experience

Shanghai K11 has been awarded LEED Gold Certification by the United States Green Building Council for its usage of recyclable materials, sustainable location and implementation of environment-friendly strategies. LEED (Leadership in Energy and Environmental Design) is the most comprehensive and influential architectural sustainability rating system in the world.

Shanghai K11 uses low-carbon technology to reduce negative effects on the environment, thus creating an intimate space secluded from the noisy urban area, allowing people to reconnect with nature.



For effective insulation and reduction of energy consumption, Shanghai K11 features a large-scaled vertical greening wall. The wall employs highly sophisticated technology, collecting waste water and recycling it through an advanced sewage-treatment system, thereby saving 33% of otherwise wasted water. At 33 m, the artificial waterfall, together with simulated water sounds and birds' chirping, conjures the feel of an urban jungle. The glass roof admits natural light and helps reduce electrical lighting on B1.

Shanghai K11 Art Mall's Urban Farm is a space for visitors to immerse themselves in indoor interactive planting. At 300 sq m, Urban Farm rises above the usual limitations imposed by indoor spaces, enabling the public to experience first-hand the joys of seeding and planting. Tucked away on L6, Sky Garden is an oasis among the skyscrapers on Huaihai Road as well as a space to enjoy moments of tranquility.

The Group's K11 Art Mall has launched the K11 Multicultural Living District – Food Waste Recycling Scheme, encouraging tenants of the mall as well as nearby restaurants to implement source separation of food waste where K11 centralises the collection of food waste and sends to food waste recyclers for processing into animal feedstock. Food waste from participating restaurants have shown a decreasing trend, thereby heightening their awareness of the problems arising from food waste. In addition, Discovery Park – Shopping Centre is also exploring a food waste recycling programme with its tenants.

Corporate Sustainability

Walking the Eco-talk

The Group signed up to the Government's Energy Saving Charter and Food Wise Charter to demonstrate its commitment to reducing energy and food waste to promote environmental sustainability.



New World Group Charity Foundation sponsored the Zero Food Waste @ Campus campaign launched by Greeners Action and Green Power in 25 primary schools in 2013. Through education, the campaign aims at helping the next generation understand the problems arising from food waste and contribute to minimising food waste by bringing home the message of saving the planet.

The Group organises regular green visits to ensure the design team is armed with the latest information on environmental technology. A trip led by Professor C Y Jim of The University of Hong Kong to visit his research work on green roofs and vertical greening was organised

to investigate the possibilities of factoring green features in the Group's property development.



Corporate Information

Emeritus Chairman

Dato' Dr. Cheng Yu-Tung

Board of Directors

Executive Directors

Dr. Cheng Kar-Shun, Henry (*Chairman*)

Mr. Cheng Chi-Kong, Adrian
(*Joint General Manager*)

Mr. Chen Guanzhan (*Joint General Manager*)

Ms. Ki Man-Fung, Leonie JP

Mr. Cheng Chi-Heng

Ms. Cheng Chi-Man, Sonia

Mr. Au Tak-Cheong

Non-executive Directors

Mr. Doo Wai-Hoi, William JP (*Vice-chairman*)

Mr. Cheng Kar-Shing, Peter

Independent Non-executive Directors

Mr. Yeung Ping-Leung, Howard

Mr. Cha Mou-Sing, Payson JP

Mr. Cha Mou-Zing, Victor (*alternate director to Mr. Cha Mou-Sing, Payson*)

Mr. Ho Hau-Hay, Hamilton

Mr. Lee Luen-Wai, John JP

Mr. Liang Cheung-Biu, Thomas

Company Secretary

Mr. Wong Man-Hoi

Auditor

PricewaterhouseCoopers

Solicitors

Woo, Kwan, Lee & Lo

Kao, Lee & Yip

Vincent T.K. Cheung, Yap & Co

Iu, Lai & Li

Eversheds

Share Registrar and Transfer Office

Tricor Tengis Limited

26/F., Tesbury Centre,

28 Queen's Road East,

Wanchai, Hong Kong

Registered Office

30/F., New World Tower,

18 Queen's Road Central, Hong Kong

Tel: (852) 2523 1056

Fax: (852) 2810 4673

Principal Bankers

Bank of China (Hong Kong)

Bank of Communications

Bank of East Asia

China Construction Bank (Asia)

China Development Bank

China Merchants Bank

Citibank N.A.

DBS Bank

Hang Seng Bank

Industrial and Commercial Bank of China (Asia)

Mizuho Bank

Nanyang Commercial Bank

Sumitomo Mitsui Banking Corporation

Standard Chartered Bank

The Hongkong and Shanghai Banking Corporation

The Bank of Tokyo-Mitsubishi UFJ

Stock Code

Hong Kong Stock Exchange 0017

Reuters 0017.HK

Bloomberg 17 HK

Information for Investors

For more information about the Group, please contact the Investor Relations Department at: New World Development Company Limited

30/F., New World Tower,

18 Queen's Road Central,

Hong Kong

Tel: (852) 2523 1056

Fax: (852) 2810 4673

e-mail: ir@nwd.com.hk

Website

www.nwd.com.hk

Report of the Directors

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

Group activities

The principal activities of the Company remain investment holding and property development and investment. The principal activities of the principal subsidiaries, jointly controlled entities and associated companies are shown in notes 50, 51 and 52 to the financial statements on pages 234 to 253.

Results and appropriation

The results of the Group for the year ended 30 June 2013 are set out in the consolidated income statement on page 133 of this annual report.

The Directors have resolved to recommend a final dividend for the year ended 30 June 2013 of HK\$0.30 per share (2012: HK\$0.28 per share) comprising a cash dividend of HK\$0.01 per share (which is being paid in order to ensure that the shares of the Company continue to qualify as Authorised Investments for the purpose of the Trustee Ordinance of Hong Kong) and a scrip dividend by way of an issue of new shares equivalent to HK\$0.29 per share with a cash option to shareholders registered on 22 November 2013. Together with the interim dividend of HK\$0.12 per share (2012: HK\$0.10 per share) paid in May 2013, total distribution for the year ended 30 June 2013 would thus be HK\$0.42 per share (2012: HK\$0.38 per share).

Share capital

Details of movements in share capital during the year are set out in note 39 to the financial statements.

Reserves

Details of movements in reserves are set out in note 40 to the financial statements. Distributable reserves of the Company at 30 June 2013 amounted to HK\$13,836.6 million (2012: HK\$14,117.1 million).

Five-year financial summary

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on pages 254 and 255.

Purchase, sale or redemption of listed securities

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

Donations

The Group made charitable and other donations during the year of HK\$53.2 million (2012: HK\$51.9 million).

Property, plant and equipment

Details of movements in property, plant and equipment during the year are set out in note 18 to the financial statements.

Connected transactions

Connected transactions of the Company during the year and up to the date of this report are set out on pages 108 to 113.

Rules 13.20 and 13.22 of the Listing Rules

The disclosure pursuant to Rules 13.20 and 13.22 of the Listing Rules is set out on page 131.

Report of the Directors

Directors

The Directors of the Company during the year and up to the date of this report are:

Executive Directors

Dr. Cheng Kar-Shun, Henry (*Chairman*)
Mr. Cheng Chi-Kong, Adrian (*Joint General Manager*)
Mr. Chen Guanzhan (*Joint General Manager*)
Ms. Ki Man-Fung, Leonie JP
Mr. Cheng Chi-Heng
Ms. Cheng Chi-Man, Sonia
Mr. Au Tak-Cheong (appointed on 1 July 2013)

Non-executive Directors

Mr. Doo Wai-Hoi, William JP (*Vice-chairman*) (appointed on 1 July 2013)
Mr. Liang Chong-Hou, David (resigned on 22 July 2013)
Mr. Cheng Kar-Shing, Peter

Independent Non-executive Directors

Mr. Yeung Ping-Leung, Howard
Mr. Cha Mou-Sing, Payson JP
Mr. Cha Mou-Zing, Victor
(*alternate director to Mr. Cha Mou-Sing, Payson*)
Mr. Ho Hau-Hay, Hamilton
Mr. Lee Luen-Wai, John JP
Mr. Liang Cheung-Biu, Thomas

In accordance with Article 94 of the Company's Articles of Association, Mr. Doo Wai-Hoi, William and Mr. Au Tak-Cheong retire and, being eligible, offer themselves for re-election.

In accordance with Article 103(A) of the Company's Articles of Association, Dr. Cheng Kar-Shun, Henry, Mr. Cheng Chi-Kong, Adrian, Mr. Yeung Ping-Leung, Howard, Mr. Cha Mou-Sing, Payson and Mr. Liang Cheung-Biu, Thomas shall retire by rotation and, being eligible, offer themselves for re-election.

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

Audit committee

An Audit Committee has been established and the members of the Committee are Mr. Cha Mou-Sing, Payson, Mr. Yeung Ping-Leung, Howard, Mr. Ho Hau-Hay, Hamilton and Mr. Lee Luen-Wai, John. The principal responsibilities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

Directors' interests in contracts

Pursuant to an agreement dated 5 August 1993 (the "Agreement") made between Hotel Property Investments (B.V.I.) Limited ("HPI") and Renaissance Hotel Holdings (B.V.I.) Ltd. ("Renaissance"), both being former subsidiaries of the Group, and CTF Holdings Limited ("CTFHL"), HPI agreed to pay CTFHL an annual fee in accordance with the terms of the Agreement. This Agreement was assigned to New World Hotels (Holdings) Limited ("NWHH"), a subsidiary of the Group, on 25 July 1997. CTFHL was paid a fee of US\$10.0 million (approximately HK\$77.9 million) for the year ended 30 June 2013 (2012: US\$9.9 million (approximately HK\$77.0 million)). Dr. Cheng Kar-Shun, Henry, Director of the Company, and Mr. Doo Wai-Hoi, William ("Mr. Doo"), a director of certain subsidiaries of the Group at the relevant time, are interested in this transaction to the extent that they have beneficial interests in CTFHL.

Report of the Directors

Directors' interests in contracts (continued)

Save for contracts amongst group companies and the aforementioned transaction, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests in shares, underlying shares and debentures

As at 30 June 2013, interests of the Directors and their associates in shares, underlying shares and debentures of the Company and its associated corporations which were recorded in the register to be kept by the Company under Section 352 of the Securities and Futures Ordinance ("SFO") are set out on pages 114 to 130.

Directors' interests in competing businesses

During the year, according to the Listing Rules, the following Directors have interests in the following businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Directors of the Company were appointed as Directors to represent the interests of the Company and/or the Group:

Name of Director	Businesses which are considered to compete or likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of businesses	
Dr. Cheng Kar-Shun, Henry	Chow Tai Fook Enterprises Limited ("CTF") group of companies	Property investment and development, hotel operations and transport	Director
	HKR International Limited group of companies	Property investment and development, and property management	Director
	Lifestyle International Holdings Limited group of companies	Department stores operations and property investment	Director
	International Entertainment Corporation group of companies	Hotel operations	Director
	Supreme Harvest Development Limited group of companies	Property investment and development	Director
Mr. Cheng Chi-Kong, Adrian	CTF group of companies	Property investment and development, hotel operations and transport	Director
	Grandhope Properties Limited	Property investment	Director and shareholder
	Cheung Hung Development (Holdings) Limited	Property investment and development	Director
	International Entertainment Corporation group of companies	Hotel operations	Director
Mr. Cheng Kar-Shing, Peter	CTF group of companies	Property investment and development, hotel operations and transport	Director
	Long Vocation Investments Limited group of companies	Property investment	Director and shareholder
	Shanghai New World Shangxian Lane Development Ltd.	Property development	Director
Mr. Cheng Chi-Heng	CTF group of companies	Property investment and development, hotel operations and transport	Director

As the Board of Directors of the Company is independent of the boards of the above-mentioned entities and none of the above Directors can control the Board of the Company, the Group is therefore capable of carrying on its businesses independently of, and at arm's length from the businesses of these entities.

Report of the Directors

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Directors' rights to acquire shares or debentures

Save as disclosed under the section headed "Share Option Schemes" below, at no time during the year was the Company or any of its subsidiaries a party to any arrangements 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.

Share option schemes

Share option schemes of the Group are set out on pages 116 to 129.

Substantial shareholders' interests in securities

As at 30 June 2013, the interests or short positions of substantial shareholders (as defined in the Listing Rules) 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 positions in shares

Name	Number of shares held			Approximate % of shareholding
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTFH") ⁽¹⁾	-	2,685,018,399	2,685,018,399	42.54
Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II") ⁽²⁾	-	2,685,018,399	2,685,018,399	42.54
Chow Tai Fook Capital Limited ("CTFC") ⁽³⁾	-	2,685,018,399	2,685,018,399	42.54
Chow Tai Fook (Holding) Limited ("CTFHL") ⁽⁴⁾	-	2,685,018,399	2,685,018,399	42.54
Chow Tai Fook Enterprises Limited ("CTF") ⁽⁵⁾	2,441,633,923	243,384,476	2,685,018,399	42.54

Notes:

- (1) CYTFH holds 48.98% direct interest in CTFC and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (2) CYTFH-II holds 46.65% direct interest in CTFC and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (3) CTFC holds 74.07% direct interest in CTFHL and is accordingly deemed to have an interest in the shares deemed to be interested by CTFHL.
- (4) CTFHL holds 100% direct interest in CTF and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF.
- (5) CTF together with its subsidiaries.

Save as disclosed above, no other person was recorded in the register kept pursuant to Section 336 of the SFO as having an interest in 10.0% or more of the issued share capital of the Company as at 30 June 2013.

Report of the Directors

Other persons' interests in securities

As at 30 June 2013, the interests or short positions of persons (other than Directors or chief executives or substantial shareholders (as defined in the Listing Rules)) in the shares and underlying shares of the Company as recorded in the register as required to be kept under Section 336 of the SFO were as follows:

Long positions in the shares and underlying shares of the Company

Name	Capacity	Number of shares/ underlying shares held	Total	Approximate % of shareholding
JPMorgan Chase & Co.	Beneficial owner	29,147,567	315,022,991 ⁽¹⁾	4.99
	Investment manager	100,299,988		
	Custodian corporation/ approved lending agent	185,575,436		

Short positions in the shares and underlying shares of the Company

Name	Capacity	Number of shares/ underlying shares held	Total	Approximate % of shareholding
JPMorgan Chase & Co.	Beneficial owner	12,303,953	12,303,953 ⁽²⁾	0.19

Notes:

- (1) The interests included aggregate interests in 18,743,095 underlying shares through its holding of certain listed physically settled derivatives (1,336,542 underlying shares), and unlisted derivatives (physically settled: 6,081,999 underlying shares; cash settled: 11,324,554 underlying shares). It also included 185,575,436 shares in the lending pool.
- (2) The interests included aggregate interests in 12,303,953 underlying shares through its holding of certain listed derivatives (physically settled: 1,034,000 underlying shares; cash settled: 585,390 underlying shares) and unlisted derivatives (physically settled: 4,231,999 underlying shares; cash settled: 6,452,564 underlying shares).

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

Report of the Directors

Sufficiency of public float

According to information that is available to the Company, the percentage of the Company's shares which are in the hands of the public exceeds 25.0% of the Company's total number of issued shares.

Major customers and suppliers

During the year, less than 30.0% of the Group's turnover and less than 30.0% 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

Hong Kong, 26 September 2013

Report of the Directors

Connected Transactions

- (1) The Company and CTF, severally in the proportions of 64.0% and 36.0%, have on 29 August 1995 issued an indemnity (“Indemnity”) to Renaissance Hotel Group N.V. (“RHG”), a former subsidiary of NWHH, which is now an independent third party, in respect of any obligations of RHG or its subsidiaries may have in respect of certain lease payment obligations under 25 leases or guarantees of leases of Hotel Property Investment, Inc., a Delaware corporation held by HPI.

On 25 July 1997, NWHH sold its entire interests in HPI to CTFHL, a company controlled by Dr. Cheng Kar-Shun, Henry, Director of the Company, and Mr. Doo, a director of certain subsidiaries of the Company. Under the sale, the Indemnity will continue. Arrangements have therefore been entered into whereby CTF will counter-indemnify the Company fully against any liability arising under the Indemnity in respect of the said lease obligations and guarantees of leases. It is presently estimated that the maximum liability of the Company under the Indemnity will be approximately US\$6.3 million per annum. Up to the date of this report, no payment has ever been made by the Company or CTF under the Indemnity.

- (2) In July 1999, a deed of tax indemnity was entered into between the Company and New World China Land Limited (“NWCL”) whereby the Company undertakes to indemnify NWCL in respect of, inter alia, certain Mainland China income tax (“IT”) and land appreciation tax (“LAT”) in Mainland China payable in consequence of the disposal of certain properties held by NWCL as at 31 March 1999 and in respect of which the aggregate amount of LAT and IT is estimated at approximately HK\$5,908.8 million (2012: HK\$6,166.9 million). During the year, tax indemnity amounted to HK\$617.2 million (2012: HK\$503.5 million) was effected.

- (3) On 24 February 2005, Hong Kong Island Development Limited (“Hong Kong Island”), a wholly owned subsidiary of the Company as Lessor, and Sogo Hong Kong Company Limited (“Sogo HK”) as Lessee entered into a lease agreement (“Lease Agreement”), pursuant to which the Lessee will lease the Portion of Ground Floor, Portion of P1 and The Entire P2 of Sogo Department Store • TST (formerly the Amazon), 12 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong (“the Premises”) from the Lessor for a fixed term of fifteen years at a monthly rent to be calculated in accordance with the following schedule:

Year 1 to 10 of the term: 6.0% of the monthly gross turnover from the operation of any trade and/or business carried on in from and/or upon the Premises

Year 11 to 15 of the term: 7.0% of the monthly gross turnover from the operation of any trade and/or business carried on in from and/or upon the Premises

The Premises, the subject of the Lease Agreement, is owned by Hong Kong Island. Sogo HK is an indirect non-wholly owned subsidiary of Real Reward Limited, a jointly controlled entity owned by Go Create Limited, a wholly owned subsidiary of CTF. Sogo HK is, accordingly, a connected person of the Company and the entering into of the Lease Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

On 11 May 2011, the annual cap for the financial year ended 30 June 2013 was set at HK\$75.0 million. The total rental received from Sogo HK during the year ended 30 June 2013 under the Lease Agreement amounted to approximately HK\$72.0 million which is within the said annual cap.

On 31 July 2012, Hong Kong Island and Sogo HK entered into a supplemental deed, pursuant to which Hong Kong Island and Sogo HK agreed to terminate the Lease Agreement with effect from 15 February 2014.

Report of the Directors

Connected Transactions (continued)

- (4) On 22 March 2012, New World Department Store China Limited (“NWDS”) and Chow Tai Fook Jewellery Group Limited (“CTFJ”) entered into a master concessionaire counter agreement (“Master Concessionaire Counter Agreement”) commencing from 24 April 2012 up to and including 30 June 2014, pursuant to which members of the NWDS Group (i.e. NWDS and its subsidiaries) and the CTFJ Group (i.e. CTFJ and its subsidiaries) may from time to time enter into definitive concessionaire agreements in relation to any transactions arising from the concessionaire arrangements or rental agreements in respect of retailing counters for the sale of jewellery products and watches by the CTFJ Group at properties in the PRC owned by, or leased to the NWDS Group or at which the NWDS Group operates its business.

The Master Concessionaire Counter Agreement may be renewed for a successive period of three years after the initial term or subsequent renewal term subject to compliance with relevant requirements of the Listing Rules.

As CTFJ is a fellow subsidiary of CTF which is a substantial shareholder of the Company, CTFJ is therefore a connected person of the Company and the transactions contemplating under the Master Concessionaire Counter Agreement constitute continuing connected transactions for the Company under the Listing Rules.

For the year ended 30 June 2013, the aggregate amount of the transactions under the Master Concessionaire Counter Agreement amounted to approximately RMB104.7 million, which is within the annual cap of RMB214.9 million.

- (5) On 19 May 2011, a master services agreement (the “Mr. Doo Master Services Agreement”) was entered into between the Company and Mr. Doo in relation to the provision of certain operational and rental services, which includes contracting services, cleaning and landscaping services, facilities management services, property management services, security and guarding services and rental services, between members of the Group and members of the Services Group (being Mr. Doo and any company in the equity capital of which Mr. Doo is or will be directly or indirectly interested so as to exercise or control the exercise of 30.0% 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).

Mr. Doo was a director of certain subsidiaries of the Company at the relevant time and hence a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Mr. Doo Master Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

The Mr. Doo Master Services Agreement has an initial term of three years commencing from 1 July 2011. Subject to compliance with the relevant requirements under the Listing Rules, the Mr. Doo Master Services Agreement may be renewed for a further term of three years.

On 5 December 2012, in view of the expected increase in the amount of the operational and rental services to be provided by the Group to the Services Group, the relevant annual caps for the two years ending 30 June 2014 were revised.

During the year ended 30 June 2013, the contract amount for the operational and rental services under the Mr. Doo Master Services Agreement is summarised as follows:

Categories of services	Approximate total contract sum HK\$m	Annual cap HK\$m
Provision of operational and rental services by members of the Group to members of the Services Group	26.6	305.4
Provision of operational and rental services by members of the Services Group to members of the Group	647.5	2,849.7

Report of the Directors

Connected Transactions (continued)

- (6) On 11 June 2010, two sale and purchase agreements (the “Agreements”) were entered into among NWS Service Management Limited (“NWSSM”, an indirect wholly owned subsidiary of NWS Holdings Limited) as vendor, Fung Seng Enterprises Limited (“FSE”) as purchaser, Mr. Doo and Mr. Wong Kwok-Kin, Andrew jointly as warrantors whereby FSE agreed to purchase and NWSSM agreed to sell and/or procure the sale of the entire issued share capital of certain companies (the “Disposal Group”) or certain service businesses of the Group as set out in the Agreements (the “Disposal”).

In the ordinary course of businesses prior to the completion of the Disposal, members of the Group have regularly entered into transactions (the “Existing Continuing Transactions”) with certain companies of the Disposal Group. As a result of the completion of the Disposal, members of Disposal Group became associates of Mr. Doo, who is a connected person of the Company, and are regarded as connected persons of the Company. The Existing Continuing Transactions therefore became continuing connected transactions of the Company upon completion of the Disposal. Pursuant to Rule 14A.41 of the Listing Rules, the Company has to comply in full with all applicable reporting, annual review and disclosure requirements under Chapter 14A of the Listing Rules in respect of the Existing Continuing Transactions.

The Existing Continuing Transactions involved the provision of the mechanical and electrical engineering services, property management services, cleaning services and rental services from members of the Group to members of the Services Group or vice versa. A total of over 100 agreements, of which the remaining term is not exceeding one year, are included in these Existing Continuing Transactions with the aggregate transaction values for the remaining term of the relevant agreements as at 30 June 2013 as follows:

	HK\$m
Provision of services by members of the Group to members of the Disposal Group	17.8
Provision of services by members of the Disposal Group to members of the Group	322.8

- (7) On 30 June 2011, the Company and CTF entered into a master services agreement (the “CTF Master Services Agreement”) whereby each of the Company and CTF agreed to, and agreed to procure members of the Group or the CTF Group (being CTF, its subsidiaries and any other company in the equity capital of which CTF and/or any of its subsidiaries taken together are directly or indirectly interested so as to exercise or control the exercise of 30.0% or more of the voting power at general meetings or to control the composition of a majority of the board of directors, and the subsidiaries of such other companies, but excluding members of the Group) (to the extent practicable) to engage relevant members of the CTF Group or the Group (as the case may be) to provide the relevant operational services, which include contracting services, general and rental services, project management and consultancy services, and hotel management and consultancy services, to members of the Group or the CTF Group (as the case may be) during the term of the CTF Master Services Agreement.

As CTF is a connected person of the Company, the entering into of the CTF Master Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

The CTF Master Services Agreement has an initial term of three years commencing from 1 July 2011 to 30 June 2014 (both days inclusive). Subject to compliance with the relevant requirements under the Listing Rules, the CTF Master Services Agreement may be renewed for a further term of three years.

Report of the Directors

Connected Transactions (continued)

(7) (continued)

On 7 May 2012, the Company entered into a supplemental agreement with CTF for the purposes of amending the definitions of “CTF Group” and “subsidiary” in the CTF Master Services Agreement to allow more flexibility for the Company to comply with the disclosure requirement under the Listing Rules.

Under the new definition, “CTF Group” means CTF, (a) any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company, and/or (b) any other company in the equity capital of which CTF and such other companies referred to in (a) above taken together are directly or indirectly interested so as to exercise or control the exercise of 30.0% (or such other amount as may from time to time be specified in the Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) 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, and for the purpose of the CTF Master Services Agreement, such term shall exclude members of the Group. “Subsidiary” means any entity which falls within the definition of subsidiary under the Listing Rules or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

On 5 December 2012, in view of the expected increase in the amount of the operational services to be provided by the Group to the CTF Group, the relevant annual caps for the two years ending 30 June 2014 were revised.

During the year ended 30 June 2013, the contract amount for the operational services under the CTF Master Services Agreement is summarised as follows:

Categories of services	Approximate total contract sum HK\$m	Annual cap HK\$m
Provision of operational services by members of the Group to members of the CTF Group	340.0	1,390.2
Provision of operational services by members of the CTF Group to members of the Group	5.7	10.0

(8) On 28 November 2011, a tenancy framework agreement (the “Tenancy Framework Agreement”) was entered into between the Company and CTFJ, pursuant to which members of the Group and members of the CTFJ Group may from time to time enter into definitive agreements in relation to leases or tenancy agreements between members of the Group as landlord and members of the CTFJ Group as tenant upon, and subject to, the terms and conditions in compliance with the Tenancy Framework Agreement.

The Tenancy Framework Agreement commenced from the date on which the listing of CTFJ on the HKEx takes place up to and including 31 March 2014, and may be renewed for a successive period of three years upon expiration of the initial term or subsequent renewal term, subject to compliance with the relevant requirements of the Listing Rules.

As CTFJ is a fellow subsidiary of CTF which is a substantial shareholder of the Company, CTFJ is therefore a connected person of the Company and the entering into of the Tenancy Framework Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

The aggregate amount of the transactions under the Tenancy Framework Agreement for the year ended 30 June 2013 amounted to approximately HK\$81.6 million, which is within the annual cap of HK\$99.0 million.

Report of the Directors

Connected Transactions (continued)

- (9) On 22 March 2012, NWDS, the Company and CTFJ entered into a master sales agreement (“Master Sales Agreement”) to provide a framework for the sales transactions between members of the NWDS Group, members of the Group and/or members of the CTFJ Group involving the use of various cash equivalent gift coupons, gift cards and stored value shopping cards issued by the Group (“Shopping Vouchers”), prepaid shopping cards issued by the NWDS Group to the Group and/or CTFJ Group (“Prepaid Shopping Cards”), various joint name cards and/or joint name vouchers issued by the CTFJ Group and/or the NWDS Group (“Joint Name Vouchers”) or other means acceptable to the NWDS Group as payment for purchasing goods at the Stores and the settlement of the relevant value represented by such Shopping Vouchers (with shopping vouchers commission and rebates), the Prepaid Shopping Cards (with the discounts where applicable), the Joint Name Vouchers (with the joint name vouchers commissions) or by any other means acceptable to the NWDS Group among relevant members of the NWDS Group, the Group or the CTFJ Group.

The Master Sales Agreement commenced from 22 March 2012 up to and including 30 June 2014, and may be renewed for a successive period of three years upon the expiration of the initial term or subsequent renewal term subject to compliance with relevant requirements of the Listing Rules.

As CTFJ is a fellow subsidiary of CTF which is a substantial shareholder of the Company, CTFJ is therefore a connected person of the Company and the sales transactions contemplating under the Master Sales Agreement constitute continuing connected transactions for the Company under the Listing Rules.

On 27 December 2012, in view of the expected increase in the amount of the sales transactions, the annual caps for the two years ending 30 June 2014 were revised.

The aggregate amount of the transactions under the Master Sales Agreement for the year ended 30 June 2013 amounted to approximately RMB36.4 million, which is within the annual cap of RMB100.0 million.

- (10) On 19 March 2013, NWCL and CTFJ entered into a master purchase agreement (“Master Purchase Agreement”) to provide a framework for the transactions between members of the NWCL Group and members of the CTFJ Group in respect of (i) the purchases of gold products by the relevant members of the NWCL Group from the relevant members of the CTFJ Group; (ii) the purchases of gift vouchers issued or to be issued by the CTFJ Group (“CTFJ Gift Vouchers”) by relevant members of the NWCL Group from the relevant members of the CTFJ Group and the use of CTFJ Gift Vouchers by holders thereof given by the NWCL Group as payment of purchase of goods at the stores where the CTFJ Group operates its business; and (iii) the use of gift vouchers issued or to be issued by the NWCL Group (“NWCL Gift Vouchers”) by customers of the NWCL Group as payment of purchase of goods at the stores where the CTFJ Group operates its business and the settlement of the relevant value represented by such NWCL Gift Vouchers (with rebates) between relevant members of the NWCL Group and the CTFJ Group.

The Master Purchase Agreement commenced from 19 March 2013 up to and including 30 June 2015, and will be automatically renewed for a successive period of three years upon the expiration of the initial term or subsequent renewal term subject to compliance with relevant requirements of the Listing Rules.

As CTFJ is a fellow subsidiary of CTF which is a substantial shareholder of the Company, CTFJ is therefore a connected person of the Company and the transactions contemplating under the Master Purchase Agreement constitute continuing connected transactions for the Company under the Listing Rules.

The aggregate amount of the transactions under the Master Purchase Agreement for the period ended 30 June 2013 amounted to approximately HK\$9.9 million, which is within the annual cap of HK\$65.1 million.

Report of the Directors

Connected Transactions (continued)

The continuing connected transactions mentioned in paragraphs (3) to (10) above have been reviewed by the Independent Non-executive Directors of the Company who have confirmed that the transactions have been entered into:

- (a) in the ordinary and usual course of business of the Company;
- (b) on normal commercial terms; and
- (c) 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 stated in paragraphs (3) to (10) above 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 his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with paragraph 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the HKEx.

Save as disclosed above, a summary of significant related party transactions that did not constitute connected transactions made during the year was disclosed in note 48 to the financial statements.

Report of the Directors

Directors' interests in Shares, Underlying Shares and Debentures

As at 30 June 2013, the interests of the Directors and their associates in shares, underlying shares and debentures of the Company or any of its associated corporations which were recorded in the register required to be kept by the Company under Section 352 of the SFO were as follows:

(A) Long position in shares

	Number of shares			Total	Approximate % of shareholding
	Personal interests	Spouse interests	Corporate interests		
New World Development Company Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	-	450,000	-	450,000	0.01
Mr. Ho Hau-Hay, Hamilton	-	-	658,765 ⁽¹⁾	658,765	0.01
Mr. Liang Cheung-Biu, Thomas	7,822	-	-	7,822	0.00
Ms. Ki Man-Fung, Leonie	90,000	-	-	90,000	0.00
Dragon Fortune Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-Shing, Peter	-	-	15,869 ⁽²⁾	15,869	27.41
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 ⁽³⁾	151,983,526	1.75
Mr. Cheng Kar-Shing, Peter	755,961	-	-	755,961	0.01
Mr. Lee Luen-Wai, John	387,448	-	-	387,448	0.00
Ms. Ki Man-Fung, Leonie	45,000	-	-	45,000	0.00
Ms. Cheng Chi-Man, Sonia	168,400	-	-	168,400	0.00
New World Department Store China Limited					
(Ordinary shares of HK\$0.10 each)					
Ms. Ki Man-Fung, Leonie	20,000	-	-	20,000	0.00
Ms. Cheng Chi-Man, Sonia	92,000	-	-	92,000	0.01

Report of the Directors

Directors' interests in Shares, Underlying Shares and Debentures (continued)

(A) Long position in shares (continued)

	Number of shares			Total	Approximate % of shareholding
	Personal interests	Spouse interests	Corporate interests		
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	18,349,571	-	12,000,000 ⁽³⁾	30,349,571	0.83
Mr. Liang Chong-Hou, David	261	-	-	261	0.00
Mr. Cheng Kar-Shing, Peter	262,390	-	5,297,991 ⁽⁴⁾	5,560,381	0.15
Ms. Ki Man-Fung, Leonie	15,000	-	-	15,000	0.00
Sun City Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-Shing, Peter	-	80,000	3,570,000 ⁽⁵⁾	3,650,000	45.63
Sun Legend Investments Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-Shing, Peter	-	-	500 ⁽⁶⁾	500	50.00

Notes:

- (1) These shares are beneficially owned by a company in which Mr. Ho Hau-Hay, Hamilton owns 40.0% of its issued share capital.
- (2) 4,102 shares are held by a company wholly owned by Mr. Cheng Kar-Shing, Peter and 11,767 shares are held by Sun City Holdings Limited ("Sun City"), of which Mr. Cheng Kar-Shing, Peter is deemed to be interested in 45.63% of its issued share capital.
- (3) These shares are beneficially owned by a company which is wholly owned by Dr. Cheng Kar-Shun, Henry.
- (4) These shares are beneficially owned by a company which is wholly owned by Mr. Cheng Kar-Shing, Peter.
- (5) These shares are held by a company of which Mr. Cheng Kar-Shing, Peter has an indirect interest of 49.58%.
- (6) Mr. Cheng Kar-Shing, Peter is deemed to be interested in these shares by virtue of his interests in Sun City.

Report of the Directors

Directors' interests in Shares, Underlying Shares and Debentures (continued)

(B) Long position in underlying shares – share options

During the year ended 30 June 2013, certain Directors of the Company have interest in share options to subscribe for shares in the Company and certain of its subsidiaries. Details of such interests and summaries of share option schemes of the Company and its subsidiaries are shown below.

Share Option Scheme of the Company

On 24 November 2006, the Company adopted a share option scheme (the "Scheme") and certain rules of such scheme were amended on 13 March 2012. Under the Scheme, the Directors of the Company may at their discretion grant options to any eligible participant (as explained hereinafter) to subscribe for shares in the Company.

Summary of the Scheme disclosed in accordance with the Listing Rules is as follows:

The Scheme	
Purpose of the scheme	To reward directors and employees of the Group for past service or performance, to provide incentive, motivation or reward to eligible participants for increasing performance or making contribution to the Group, to attract and retain persons of right caliber with the necessary experience to work for or make contribution to the Group, to foster a sense of corporate identity and to allow the eligible participants to enjoy the results of the Company attained through their relationship, efforts and/or contribution.
Participants of the scheme	Eligible participant may be a person or an entity belonging to any of the following classes: <ul style="list-style-type: none">(i) any eligible employee;(ii) any non-executive director (including independent non-executive director) of the Company or any invested entity of the Group (the "Invested Entity");(iii) any person seconded or nominated by the Group to represent the Group's interest in any of the Invested Entity or any other company or organisation;(iv) any supplier of goods or services to any member of the Group or any Invested Entity;(v) any customer of any member of the Group or any Invested Entity;(vi) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;(vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and(viii) any joint venture partner or business alliance that co-operates with any member of the Group or any Invested Entity in any area of business operation or development.
Total number of shares available for issue under the scheme and percentage of issued share capital as at the date of this annual report	<p>The Company had granted 253,150,000 shares of the Company under the Scheme up to the date of this report.</p> <p>The total number of shares available for issue under the Scheme is 252,501,944 representing approximately 4.0% of the Company's issued share capital as at the date of this report.</p>

Report of the Directors

Directors' interests in Shares, Underlying Shares and Debentures (continued)

(B) Long position in underlying shares – share options (continued)

Share Option Scheme of the Company (continued)

The Scheme	
Maximum entitlement of each participant under the scheme	Unless approved by shareholders of the Company, the total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1.0% of the share capital of the Company in issue.
The period within which the shares must be taken up under an option	A period to be specified by the Directors and not to exceed 10 years from the date of grant of options.
The minimum period for which an option must be held before it can be exercised	Any period as determined by the Directors.
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\$10.0 is to be paid as consideration for the grant of option within 14 days from the date of offer.
The basis of determining the exercise price	The exercise price is determined by the Directors which must be at least the higher of (i) the closing price of the shares on the HKEx as stated in the HKEx's daily quotations sheets on the date of grant, which must be a business day; and (ii) the average closing price of the shares as stated in the HKEx's daily quotation sheets for the five business days immediately preceding the date of grant.
The remaining life of the scheme	The Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 24 November 2006.

Report of the Directors

Directors' interests in Shares, Underlying Shares and Debentures (continued)

(B) Long position in underlying shares – share options (continued)

Share Option Scheme of the Company (continued)

Share options granted to Directors

Name	Date of grant	Exercisable period (Note)	Number of share options			Exercise price per share ⁽²⁾ HK\$	
			Balance as at 1 July 2012	Exercised during the year	Adjusted during the year ⁽²⁾		Balance as at 30 June 2013
Dr. Cheng Kar-Shun, Henry	19 March 2012	(1)	10,001,320	-	13,636	10,014,956	9.756
Mr. Cheng Chi-Kong, Adrian	19 March 2012	(1)	3,500,462	-	4,772	3,505,234	9.756
Mr. Chen Guanzhan	19 March 2012	(1)	3,500,462	-	4,772	3,505,234	9.756
Mr. Liang Chong-Hou, David	19 March 2012	(1)	500,066	-	681	500,747	9.756
Mr. Yeung Ping-Leung, Howard	19 March 2012	(1)	500,066	-	681	500,747	9.756
Mr. Cha Mou-Sing, Payson	19 March 2012	(1)	500,066	-	681	500,747	9.756
Mr. Cheng Kar-Shing, Peter	19 March 2012	(1)	500,066	-	681	500,747	9.756
Mr. Ho Hau-Hay, Hamilton	19 March 2012	(1)	500,066	-	681	500,747	9.756
Mr. Lee Luen-Wai, John	19 March 2012	(1)	500,066	-	681	500,747	9.756
Mr. Liang Cheung-Biu, Thomas	19 March 2012	(1)	500,066	-	681	500,747	9.756
Ms. Ki Man-Fung, Leonie	19 March 2012	(1)	3,000,396	-	4,090	3,004,486	9.756
Mr. Cheng Chi-Heng	19 March 2012	(1)	500,066	-	681	500,747	9.756
Ms. Cheng Chi-Man, Sonia	19 March 2012	(1)	3,000,396	-	4,090	3,004,486	9.756
			27,003,564	-	36,808	27,040,372	

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) The Company declared final dividend for the year ended 30 June 2012 and interim dividend for the six months ended 31 December 2012 in scrip form (with cash 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\$9.769 to HK\$9.764 on 31 December 2012, and further to HK\$9.756 on 22 May 2013.
- (3) The cash consideration paid by each Director for the grant of share options is HK\$10.0.

Report of the Directors

Directors' interests in Shares, Underlying Shares and Debentures (continued)

(B) Long position in underlying shares – share options (continued)

Share Option Scheme of the Company (continued)

Share options granted to other eligible participants

Date of grant	Exercisable Period (Note)	Number of share options					Balance as at 30 June 2013	Exercise price per share ⁽⁵⁾ HK\$
		Balance as at 1 July 2012	Granted during the year	Exercised during the year	Adjusted during the year ⁽⁵⁾	Lapsed during the year		
19 March 2012	(1)	79,510,471	-	(12,551,887) ⁽³⁾	88,873	(5,201,377)	61,846,080	9.756
16 November 2012	(2)	-	9,400,000	(780,111) ⁽⁴⁾	12,181	-	8,632,070	11.979
		79,510,471	9,400,000	(13,331,998)	101,054	(5,201,377)	70,478,150	

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 4 tranches exercisable from 16 November 2012, 16 November 2013, 16 November 2014 and 16 November 2015 respectively to 15 November 2016.
- (3) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$13.05.
- (4) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$14.137.
- (5) The Company declared final dividend for the year ended 30 June 2012 and interim dividend for the six months ended 31 December 2012 in scrip form (with cash 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 granted on 19 March 2012 was adjusted from HK\$9.769 to HK\$9.764 on 31 December 2012, and further to HK\$9.756 on 22 May 2013. The exercise price per share of the share options granted on 16 November 2012 was adjusted from HK\$11.996 to HK\$11.989 on 31 December 2012, and further to HK\$11.979 on 22 May 2013.
- (6) The cash consideration paid by each participant for the grant of share options is HK\$10.0.

The fair value of the share options granted during the year is estimated at HK\$3.082 per share using the Binomial pricing model. Value is estimated based on the risk-free rate at 0.199% per annum with reference to the market yield rates of the Hong Kong Government Bond (maturing 6 December 2016) as of the value date, a historical volatility of 42.86% calculated based on the historical price with period equals to the life of the options, assuming dividend yield of 3.05% based on the average dividend yield in the past five years and an expected option life of four years.

The Binomial pricing model requires 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

Directors' interests in Shares, Underlying Shares and Debentures (continued)

(B) Long position in underlying shares – share options (continued)

Share Option Schemes of New World China Land Limited (“NWCL”)

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

A summary of share option schemes of NWCL disclosed in accordance with the Listing Rules is as follows:

NWCL 2002 Share Option Scheme and NWCL 2011 Share Option Scheme

Purpose of the schemes	To provide an opportunity for the full-time or part-time employees, including directors, of NWCL Group to participate in the equity of NWCL as well as to motivate them to optimise their performance.
Participants of the schemes	Full-time or part-time employees, including directors, of NWCL Group.
Total number of shares available for issue under the schemes and percentage of issued share capital of NWCL as at the date of this annual report	<p>NWCL had granted share options representing the rights to subscribe for 96,226,400 shares of NWCL under the NWCL 2002 Share Option Scheme up to the date of this report, together with share options representing 6,465,900 shares and 5,357,008 shares and 2,029,087 shares by way of adjustment on the number of share options as a result of NWCL'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 NWCL 2002 Share Option Scheme.</p> <p>NWCL had granted share options representing the rights to subscribe for 17,971,300 shares under the NWCL 2011 Share Option Scheme up to the date of this report. NWCL may further grant share options to subscribe for 558,966,991 shares of NWCL, representing approximately 6.45% of NWCL's total issued share capital 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 1.0% of the shares in issue unless the same is approved by NWCL's shareholders in general meeting.
The period within which the shares must be taken up under an option	At any time during a period to be notified by NWCL's 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.

Report of the Directors

Directors' interests in Shares, Underlying Shares and Debentures (continued)

(B) Long position in underlying shares – share options (continued)

Share Option Schemes of New World China Land Limited (“NWCL”) (continued)

NWCL 2002 Share Option Scheme and NWCL 2011 Share Option Scheme

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\$10.0 is to be paid as consideration for the grant of option within 28 days from the date of offer.
The basis of determining the exercise price	The exercise price shall be determined by NWCL's directors, being at least the higher of: <ul style="list-style-type: none"> (a) the closing price of shares as stated in the HKEx's daily quotations sheet on the date of offer, which must be a business day; and (b) the average closing price of shares as stated in the HKEx's daily quotations sheets for the five business days immediately preceding the date of offer.
The remaining life of the schemes	The NWCL 2002 Share Option Scheme and NWCL 2011 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the respective dates of their adoption.

Share options granted to Directors

NWCL 2002 Share Option Scheme

Name	Date of grant	Exercisable period (Note)	Number of share options			Exercise price per share HK\$
			Balance as at 1 July 2012	Exercised during the year	Balance as at 30 June 2013	
Dr. Cheng Kar-Shun, Henry	29 December 2008	(1)	1,860,826	(1,860,826) ⁽⁵⁾	-	1.290
	18 January 2011	(2)	2,077,922	-	2,077,922	3.036
Mr. Cheng Chi-Kong, Adrian	29 December 2008	(3)	350,425	(350,425) ⁽⁶⁾	-	1.290
	18 January 2011	(2)	1,558,442	(623,376) ⁽⁶⁾	935,066	3.036
Mr. Cheng Kar-Shing Peter	29 December 2008	(1)	755,961	(755,961) ⁽⁷⁾	-	1.290
	18 January 2011	(2)	831,169	-	831,169	3.036
Mr. Lee Luen-Wai, John	29 December 2008	(1)	88,048	(88,048) ⁽⁸⁾	-	1.290
	18 January 2011	(2)	311,688	-	311,688	3.036
Ms. Cheng Chi-Man, Sonia	29 December 2008	(4)	785,269	-	785,269	1.290
			8,619,750	(3,678,636)	4,941,114	

Report of the Directors

Directors' interests in Shares, Underlying Shares and Debentures (continued)

(B) Long position in underlying shares – share options (continued)

Share Option Schemes of New World China Land Limited (“NWCL”) (continued)

Share options granted to Directors (continued)

NWCL 2002 Share Option Scheme (continued)

Notes:

- (1) Divided into 4 tranches exercisable from 30 January 2009, 30 January 2010, 30 January 2011 and 30 January 2012, respectively to 29 January 2013.
- (2) Divided into 5 tranches exercisable from 19 February 2011, 19 February 2012, 19 February 2013, 19 February 2014 and 19 February 2015, respectively to 18 February 2016.
- (3) Divided into 2 tranches exercisable from 30 January 2011 and 30 January 2012, respectively to 29 January 2013.
- (4) Divided into 5 tranches exercisable from 30 January 2009, 30 January 2010, 30 January 2011, 30 January 2012 and 30 January 2013, respectively to 29 January 2014.
- (5) The exercise date was 12 November 2012. On the trading date immediately before the exercise date, the closing price per share was HK\$3.80.
- (6) The exercise date was 3 January 2013. On the trading date immediately before the exercise date, the closing price per share was HK\$3.84.
- (7) The exercise date was 23 January 2013. On the trading date immediately before the exercise date, the closing price per share was HK\$3.76.
- (8) The exercise date was 8 November 2012. On the trading date immediately before the exercise date, the closing price per share was HK\$3.89.
- (9) The cash consideration paid by each of the above Directors for each grant of share options is HK\$10.0.

Report of the Directors

Directors' interests in Shares, Underlying Shares and Debentures (continued)

(B) Long position in underlying shares – share options (continued)

Share Option Schemes of New World China Land Limited (“NWCL”) (continued)

Share options granted to other eligible participants

NWCL 2002 Share Option Scheme

Date of grant	Number of share options ⁽¹⁾			Balance as at 30 June 2013	Exercise price per share HK\$
	Balance as at 1 July 2012	Exercised during the year ⁽⁴⁾	Lapsed during the year		
14 June 2007 to 11 July 2007	1,156,968	–	(1,156,968)	–	5.769
17 October 2007 to 13 November 2007	976,002	–	(976,002)	–	6.939
28 December 2007 to 24 January 2008	858,305	–	(858,305)	–	5.994
22 April 2008 to 19 May 2008	480,557	–	(480,557)	–	4.523
31 July 2008 to 27 August 2008	222,369	(154,000)	–	68,369	3.148
12 November 2008 to 9 December 2008	452,933	(312,000)	–	140,933	1.447
2 December 2008 to 29 December 2008	5,219,154 ⁽²⁾	(5,214,662)	(4,492)	–	1.290
2 December 2008 to 29 December 2008	533,668	(463,155)	(11,443)	59,070	1.290
3 February 2009 to 2 March 2009	335,532	(169,682)	–	165,850	1.703
26 June 2009 to 23 July 2009	3,130,605	–	–	3,130,605	3.913
19 November 2009 to 16 December 2009	2,306,493	(310,000)	–	1,996,493	2.953
12 January 2010 to 2 February 2010	3,840,914	(838,000)	(253,589)	2,749,325	2.878
18 May 2010 to 14 June 2010	487,750	(160,000)	–	327,750	2.262
31 May 2010 to 25 June 2010	820,597	(344,000)	–	476,597	2.349
10 November 2010 to 7 December 2010	3,768,103	(773,693)	(665,605)	2,328,805	3.013
18 January 2011 to 14 February 2011	9,215,376	(40,000)	–	9,175,376	3.036
3 May 2011 to 30 May 2011	1,400,935	(380,550)	(151,855)	868,530	2.753
26 July 2011 to 22 August 2011	1,633,662	(186,000)	–	1,447,662	2.705
	36,839,923	(9,345,742)	(4,558,816)	22,935,365	

Report of the Directors

Directors' interests in Shares, Underlying Shares and Debentures (continued)

(B) Long position in underlying shares – share options (continued)

Share Option Schemes of New World China Land Limited (“NWCL”) (continued)

Share options granted to other eligible participants (continued)

NWCL 2011 Share Option Scheme

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

Notes:

- (1) The share options are exercisable within five years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary years, except otherwise specified in note 2.
- (2) The share options are exercisable within four years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 25.0% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary year.
- (3) The closing prices per share immediately before 22 October 2012, 7 January 2013, 2 April 2013 and 24 June 2013, the dates of offer to grant, were HK\$3.33, HK\$3.79, HK\$3.32 and HK\$2.67, respectively.
- (4) The weighted average closing prices of the shares immediately before the dates on which share options were exercised under the NWCL 2002 Share Option Scheme and the NWCL 2011 share Option Scheme were HK\$3.56 and HK\$3.59, respectively.
- (5) The cash consideration paid by each eligible participant for each grant of share options is HK\$10.0.

The fair values of the share options granted during the year with exercise prices per share of HK\$3.37, HK\$3.88, HK\$3.35 and HK\$2.762 are estimated at HK\$1.248, HK\$1.488, HK\$1.269 and HK\$1.01, respectively using the Binomial pricing model. Values are estimated based on the risk-free rate ranging from 0.34% to 1.27% per annum with reference to the rate prevailing on the Exchange Fund Notes, a 1.27-year period historical volatility ranging from 52.93% to 54.70%, assuming dividend yield ranging from 2.03% to 2.63% and an expected option life of 5 years.

The Binomial pricing model requires 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

Directors' interests in Shares, Underlying Shares and Debentures (continued)

(B) Long position in underlying shares – share options (continued)

Share Option Schemes of NWS Holdings Limited (“NWSH”)

NWSH adopted a new share option scheme (“NWSH 2011 Share Option Scheme”) on 21 November 2011. No share option has been granted under the NWSH 2011 Share Option Scheme since its adoption.

The share option scheme adopted by NWSH on 6 December 2001 (the “NWSH 2001 Share Option Scheme”), certain rules of which were amended on 12 March 2003 and 24 November 2006, expired on 6 December 2011. Share options granted under the NWSH 2001 Share Option Scheme prior to its expiry shall continue to be valid and exercisable pursuant to the rules of the NWSH 2001 Share Option Scheme.

Under both the NWSH 2001 Share Option Scheme and the NWSH 2011 Share Option Scheme, the directors of NWSH may at their discretion grant options to any eligible participant (as explained hereinafter) to subscribe for shares in NWSH.

A summary of the share option schemes of NWSH disclosed in accordance with the Listing Rules is as follows:

NWSH 2001 Share Option Scheme and NWSH 2011 Share Option Scheme

Purpose of the schemes	To reward directors and employees of NWSH and its subsidiaries (“NWSH Group”) for their past service or performance, providing incentive and motivation or reward to eligible participants for optimising their performance or making contribution to NWSH Group; attracting and retaining persons of right caliber with the necessary experience to work for or make contribution to NWSH Group; and fostering a sense of corporate identity.
Participants of the schemes	Eligible participant may be a person or an entity belonging to any of the following classes: <ul style="list-style-type: none">(i) any eligible employee;(ii) any non-executive director (including independent non-executive director) of NWSH Group or any invested entity of NWSH Group (the “Invested Entity”);(iii) any supplier of goods or services to any member of NWSH Group or any Invested Entity;(iv) any customer of any member of NWSH Group or any Invested Entity;(v) any person or entity that provides research, development or other technological support to NWSH Group or any Invested Entity;(vi) any shareholder of any member of NWSH Group or any Invested Entity or any holder of any securities issued by any member of NWSH Group or any Invested Entity;(vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of NWSH Group or any Invested Entity; and(viii) any joint venture partner or business alliance that co-operates with any member of NWSH Group or any Invested Entity in any area of business operation or development.

Report of the Directors

Directors' interests in Shares, Underlying Shares and Debentures (continued)

(B) Long position in underlying shares – share options (continued)

Share Option Schemes of NWS Holdings Limited (“NWSH”) (continued)

NWSH 2001 Share Option Scheme and NWSH 2011 Share Option Scheme

Total number of shares available for issue under the schemes and percentage of issued share capital of NWSH as at the date of this annual report	<p>NWSH had granted options to certain eligible participants to subscribe for a total of 84,348,007 shares of NWSH under the NWSH 2001 Share Option Scheme, which included certain adjustments made pursuant to the rules of the NWSH 2001 Share Option Scheme, up to the date of this report. Since its expiry on 6 December 2011, no further option can be granted under the NWSH 2001 Share Option Scheme.</p> <p>No share option has been granted under the NWSH 2011 Share Option Scheme since its adoption and up to the date of this report. The total number of shares available for issue under the NWSH 2011 Share Option Scheme is 338,799,387 representing approximately 9.22% of NWSH's issued share capital as at the date of this report.</p>
Maximum entitlement of each participant under the schemes	Unless approved by shareholders of NWSH, the total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1.0% of the share capital of NWSH in issue.
The period within which the shares must be taken up under an option	At any time during a period as specified by NWSH's directors, however in any event the share options must be exercised within 10 years from the date of grant of the share options.
The minimum period for which an option must be held before it can be exercised	Any period as determined by NWSH's directors.
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\$10.0 is to be paid as consideration for the grant of option within 14 days from the date of offer.
The basis of determining the exercise price	The exercise price is determined by NWSH's directors which must be at least the higher of the closing price of the shares as stated in the HKEx's daily quotations sheet on the date of grant or the average closing price of the shares as stated in the HKEx's daily quotations sheets for the five business days immediately preceding the date of grant.
The remaining life of the schemes	The NWSH 2001 Share Option Scheme expired on 6 December 2011. The NWSH 2011 Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 21 November 2011.

Report of the Directors

Directors' interests in Shares, Underlying Shares and Debentures (continued)

(B) Long position in underlying shares – share options (continued)

Share Option Schemes of NWS Holdings Limited (“NWSH”) (continued)

Share options granted to Directors

NWSH 2001 Share Option Scheme

Name	Date of grant	Exercisable period (Note)	Number of share options			Exercise price per share HK\$
			Balance as at 1 July 2012	Exercised during the year	Balance as at 30 June 2013	
Dr. Cheng Kar-Shun, Henry	21 August 2007	(1)	4,580,773	(4,580,773) ⁽²⁾	-	10.609

Notes:

- (1) 40.0% of the share options are exercisable from 21 August 2008 to 20 August 2012 while the remaining 60.0% of the share options are divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011 respectively to 20 August 2012.
- (2) The exercise date was 20 August 2012. On the trading date immediately before the exercise date, the closing price per share was HK\$12.0.
- (3) The cash consideration paid by the above Director for the grant of share options is HK\$10.0.

Share options granted to other eligible participants

NWSH 2001 Share Option Scheme

Date of grant	Exercisable period (Note)	Number of share options			Exercise price per share HK\$	
		Balance as at 1 July 2012	Exercised during the year ⁽²⁾	Lapsed during the year		Balance as at 30 June 2013
21 August 2007	(1)	8,606,156	(5,968,518)	(2,637,638)	-	10.609
28 January 2008	(1)	1,068,824	-	(1,068,824)	-	13.490
		9,674,980	(5,968,518)	(3,706,462)	-	

Notes:

- (1) 40.0% of the share options are exercisable from 21 August 2008 to 20 August 2012 while the remaining 60.0% of the share options are divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011 respectively to 20 August 2012.
- (2) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$11.876.
- (3) The cash consideration paid by each eligible participant for each grant of share options is HK\$10.0.

Report of the Directors

Directors' interests in Shares, Underlying Shares and Debentures (continued)

(B) Long position in underlying shares – share options (continued)

Share Option Scheme of New World Department Store China Limited (“NWDS”)

On 12 June 2007, NWDS adopted a share option scheme (the “NWDS Share Option Scheme”). Under the NWDS Share Option Scheme, the directors of NWDS may at their discretion grant options to any eligible participant (as explained hereinafter) to subscribe for shares in NWDS.

Summary of the NWDS Share Option Scheme disclosed in accordance with the Listing Rules is as follows:

NWDS Share Option Scheme

Purpose of the scheme	The purpose of the NWDS Share Option Scheme is to attract and retain the best available personnel and to provide additional incentives to employees, directors, consultants, business associates and advisers of NWDS to promote the success of NWDS and its subsidiaries (“NWDS Group”).
Participants of the scheme	The directors of NWDS may offer any employee (whether full-time or part-time), director, consultant, business associate or adviser of NWDS Group options to subscribe for shares of NWDS at a price calculated in accordance with the terms of the NWDS Share Option Scheme.
Total number of shares available for issue under the scheme and percentage of issued share capital of NWDS as at the date of this annual report	NWDS had granted share options representing the rights to subscribe for 24,128,000 shares of NWDS under the NWDS Share Option Scheme up to the date of this report. NWDS may further grant share options to subscribe for 154,786,500 shares of NWDS, representing approximately 9.17% of the issued share capital of NWDS as at the date of this report.
Maximum entitlement of each participant under the scheme	Unless approved by shareholders of NWDS in the manner as set out in the NWDS Share Option Scheme, the total number of shares of NWDS issued and to be issued upon exercise of the options granted to each eligible person (including both exercised, cancelled and outstanding options) in any 12-month period must not exceed 1.0% of the relevant class of securities of NWDS in issue.
The period within which the shares must be taken up under an option	A period to commence not less than one year and not to exceed 10 years from the date of grant of options.
The minimum period for which an option must be held before it can be exercised	Not less than one year upon the grant of options by the directors of NWDS.
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	The amount payable for the acceptance of an option shall be the sum of HK\$1.0 which shall be paid upon acceptance of the offer of such option. An offer of an option must be made by NWDS in writing on a business day and accepted in writing by the participant in such manner as the board of directors of NWDS may prescribe within 21 calendar days (from and including the date of the offer by NWDS) of the same being made and if not so accepted such offer shall lapse.
The basis of determining the exercise price	The exercise price is determined by the directors of NWDS and shall be not less than the greater of (i) the closing price of the shares as stated in the HKEx's daily quotations sheet on the date of grant of option; (ii) the average closing price of the shares as stated in the HKEx's daily quotations sheets for the five business days immediately preceding the date of grant of option; and (iii) the nominal value of a share.
The remaining life of the scheme	The NWDS Share Option Scheme shall be valid and effective for a period not to exceed 10 years from the date of adoption, i.e. 12 June 2007.

Report of the Directors

Directors' interests in Shares, Underlying Shares and Debentures (continued)

(B) Long position in underlying shares – share options (continued)

Share Option Scheme of New World Department Store China Limited (“NWDS”) (continued)

Share options granted to Directors

Name	Date of grant	Exercisable period (Note)	Number of share options			Exercise price per share HK\$
			Balance as at 1 July 2012	Exercised during the year	Balance as at 30 June 2013	
Dr. Cheng Kar-Shun, Henry	27 November 2007	(1)	1,000,000	-	1,000,000	8.660
Mr. Cheng Chi-Kong, Adrian	27 November 2007	(1)	500,000	-	500,000	8.660
			1,500,000	-	1,500,000	

Notes:

- 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 20.0% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- The cash consideration paid by each of the above Directors for the grant of share options is HK\$1.0.

Share options granted to other eligible participants

Date of grant	Exercisable period (Note)	Number of share options			Exercise price per share HK\$	
		Balance as at 1 July 2012	Exercised during the year	Lapsed during the year		Balance as at 30 June 2013
27 November 2007	(1)	12,083,000	-	(1,815,000)	10,268,000	8.660
25 March 2008	(2)	2,529,000	-	(469,000)	2,060,000	8.440
		14,612,000	-	(2,284,000)	12,328,000	

Notes:

- 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 20.0% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- Divided into 5 tranches exercisable from 25 March 2009, 25 March 2010, 25 March 2011, 25 March 2012 and 25 March 2013 respectively to 24 March 2014, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- The cash consideration paid by each eligible participant for each grant of share option is HK\$1.0.

Report of the Directors

Directors' interests in Shares, Underlying Shares and Debentures (continued)

(C) Long position in debentures

(1) Fita International Limited ("Fita")

Name	Amount of debentures in USD issued by Fita			Total	Approximate % to the total amount of debentures in issue as at 30 June 2013
	Personal interests	Family interests	Corporate interests		
Mr. Lee Luen-Wai, John	1,000,000	1,000,000	–	2,000,000	0.27

(2) NWCL

Name	Amount of debentures in CNY issued by NWCL			Total	Approximate % to the total amount of debentures in issue as at 30 June 2013
	Personal interests	Family interests	Corporate interests		
Mr. Cheng Kar-Shing, Peter	–	–	10,000,000	10,000,000	0.14

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

Save as disclosed above, as at 30 June 2013, none of the Directors, chief executives or any of their associates had or deemed to have any interest or short positions 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 HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Report of the Directors

DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

At 30 June 2013, the Group had given financial assistance and guarantees to its jointly controlled entities and associated companies (collectively “affiliated companies”) as set out below:

	2013 HK\$m	2012 HK\$m
Amounts due by affiliated companies	16,893.2	13,937.9
Guarantees given for affiliated companies in respect of banking and other credit facilities	5,141.0	7,286.7
Commitments to capital injections and loan contributions	2,788.0	1,183.4
	24,822.2	22,408.0

- (1) The advances were unsecured and were interest free except for an aggregate amount of HK\$5,487.0 million (2012: HK\$5,068.7 million) which carried interest ranging from 0.875% above HIBOR to 10% per annum (2012: from 0.875% above HIBOR to 10.0% per annum). The advances had no fixed repayment terms.
- (2) Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group’s attributable interests in those affiliated companies as at 30 June 2013 are presented as follows:

	Combined statement of financial position HK\$m	Group’s attributable interests HK\$m
Non-current assets	76,467.1	37,670.2
Current assets	40,109.5	22,322.0
Current liabilities	(31,451.9)	(16,687.6)
Total assets less current liabilities	85,124.7	43,304.6
Non-current liabilities	(40,028.9)	(20,129.1)
Net assets	45,095.8	23,175.5

The combined statement of financial position of the affiliated companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group’s significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 30 June 2013.

Independent Auditor's Report



羅兵咸永道

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEW WORLD DEVELOPMENT COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of New World Development Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 133 to 253, which comprise the consolidated and company statements of financial position as at 30 June 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 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, in accordance with section 141 of the Hong Kong Companies Ordinance 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 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 September 2013

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

Consolidated Income Statement

For the year ended 30 June 2013

	Note	2013 HK\$m	2012 HK\$m
Revenues	6	46,779.9	35,620.1
Cost of sales		(28,354.6)	(19,925.7)
Gross profit		18,425.3	15,694.4
Other income	7	198.8	76.0
Other gains, net	8	999.0	1,924.5
Selling and marketing expenses		(1,416.2)	(935.0)
Administrative and other operating expenses		(6,381.0)	(5,547.6)
Changes in fair value of investment properties		7,460.8	4,902.7
Operating profit	9	19,286.7	16,115.0
Financing income		1,008.4	686.5
Financing costs	10	(1,703.6)	(1,200.0)
		18,591.5	15,601.5
Share of results of			
Jointly controlled entities		3,399.3	1,962.7
Associated companies		1,320.4	1,157.4
Profit before taxation		23,311.2	18,721.6
Taxation	11	(4,794.8)	(4,400.5)
Profit for the year		18,516.4	14,321.1
Attributable to:			
Shareholders of the Company	12, 40	14,148.7	10,139.0
Non-controlling interests		4,367.7	4,182.1
		18,516.4	14,321.1
Dividends	13	2,645.2	2,333.0
Earnings per share	14		
Basic		HK\$2.28	HK\$1.88
Diluted		HK\$2.24	HK\$1.85

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2013

	2013 HK\$m	2012 HK\$m
Profit for the year	18,516.4	14,321.1
Other comprehensive income		
Item that will not be reclassified to profit or loss		
Revaluation of investment properties upon reclassification from property, plant and equipment	96.3	12.8
– deferred tax arising from revaluation thereof	(24.1)	(3.2)
Items that may be reclassified subsequently to profit or loss		
Fair value changes of available-for-sale financial assets	498.4	(635.9)
– deferred tax arising from fair value changes thereof	(141.5)	1.0
Release of investment revaluation deficit to the income statement upon impairment of available-for-sale financial assets	187.5	568.8
Release of reserve upon disposal of assets held for sale	(2.2)	(0.7)
Release of reserve upon disposal of available-for-sale financial assets	(90.4)	(246.0)
– reversal of deferred tax thereof	–	58.3
Release of exchange reserve upon disposal of subsidiaries and an associated company	–	(37.7)
Share of other comprehensive income of jointly controlled entities and associated companies	231.8	(1,095.5)
Cash flow hedges	55.1	(115.8)
Translation differences	2,259.0	493.5
Other comprehensive income for the year	3,069.9	(1,000.4)
Total comprehensive income for the year	21,586.3	13,320.7
Attributable to:		
Shareholders of the Company	16,112.9	9,070.8
Non-controlling interests	5,473.4	4,249.9
	21,586.3	13,320.7

Consolidated Statement of Financial Position

As at 30 June 2013

	Note	2013 HK\$m	2012 HK\$m
ASSETS			
Non-current assets			
Investment properties	17	71,691.2	60,752.2
Property, plant and equipment	18	15,322.9	12,275.8
Land use rights	19	2,206.8	2,363.6
Intangible concession rights	20	16,541.4	16,622.5
Intangible assets	21	4,139.3	4,120.9
Interests in jointly controlled entities	23	43,255.9	40,776.1
Interests in associated companies	24	16,813.8	15,211.7
Available-for-sale financial assets	25	4,395.3	4,470.7
Held-to-maturity investments	26	39.9	38.5
Financial assets at fair value through profit or loss	35	275.9	1,009.1
Derivative financial instruments	27	61.4	–
Properties for development	28	27,620.1	20,929.7
Deferred tax assets	29	814.2	695.8
Other non-current assets	30	2,872.0	1,411.5
		206,050.1	180,678.1
Current assets			
Properties under development	31	45,888.3	44,760.1
Properties held for sale	32	16,023.4	12,766.2
Inventories	33	573.5	710.8
Available-for-sale financial assets	25	583.5	583.5
Debtors and prepayments	34	21,245.9	18,331.2
Financial assets at fair value through profit or loss	35	0.8	1.5
Derivative financial instruments	27	19.3	452.2
Restricted bank balances	36	168.5	123.7
Cash and bank balances	36	40,091.4	27,909.7
		124,594.6	105,638.9
Non-current assets classified as assets held for sale	38	1,544.4	54.7
		126,139.0	105,693.6
Total assets		332,189.1	286,371.7

Consolidated Statement of Financial Position (continued)

As at 30 June 2013

	Note	2013 HK\$m	2012 HK\$m
EQUITY			
Share capital	39	6,311.6	6,151.1
Reserves	40	130,925.5	115,669.0
Proposed final dividend	40	1,893.5	1,722.8
Shareholders' funds		139,130.6	123,542.9
Non-controlling interests		38,614.4	34,497.8
Total equity		177,745.0	158,040.7
LIABILITIES			
Non-current liabilities			
Long-term borrowings	41	79,229.9	67,845.8
Deferred tax liabilities	29	8,387.2	7,685.7
Derivative financial instruments	27	928.6	1,411.7
Other non-current liabilities	42	751.6	696.6
		89,297.3	77,639.8
Current liabilities			
Creditors and accrued charges	43	32,895.1	25,273.0
Current portion of long-term borrowings	41	17,890.9	12,391.8
Short-term borrowings	41	9,291.9	8,473.8
Derivative financial instruments	27	–	533.8
Current tax payable		5,068.9	4,018.8
		65,146.8	50,691.2
Total liabilities		154,444.1	128,331.0
Total equity and liabilities		332,189.1	286,371.7
Net current assets		60,992.2	55,002.4
Total assets less current liabilities		267,042.3	235,680.5

Dr. Cheng Kar-Shun, Henry
Director

Cheng Chi-Kong, Adrian
Director

Company Statement of Financial Position

As at 30 June 2013

	Note	2013 HK\$m	2012 HK\$m
ASSETS			
Non-current assets			
Investment property	17	92.0	74.0
Interests in subsidiaries	22	42,140.3	40,242.2
Interests in jointly controlled entities	23	955.2	918.3
Interests in associated companies	24	72.9	34.0
Available-for-sale financial assets	25	14.9	23.1
Deferred tax assets	29	55.4	55.4
		43,330.7	41,347.0
Current assets			
Properties held for sale	32	1,541.2	1,689.4
Debtors and prepayments	34	240.5	278.4
Amounts receivable from subsidiaries	22	50,980.7	44,727.6
Cash and bank balances	36	308.2	311.0
		53,070.6	47,006.4
Total assets		96,401.3	88,353.4
EQUITY			
Share capital	39	6,311.6	6,151.1
Reserves	40	54,736.7	53,341.8
Proposed final dividend	40	1,893.5	1,722.8
Total equity		62,941.8	61,215.7
LIABILITIES			
Current liabilities			
Creditors and accrued charges	43	438.8	519.4
Amounts payable to subsidiaries	22	33,011.4	26,618.3
Current tax payable		9.3	–
Total liabilities		33,459.5	27,137.7
Total equity and liabilities		96,401.3	88,353.4
Net current assets		19,611.1	19,868.7
Total assets less current liabilities		62,941.8	61,215.7

Dr. Cheng Kar-Shun, Henry
Director

Cheng Chi-Kong, Adrian
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

	Share capital	Share premium	Retained profits	Other reserves	Shareholders' funds	Non-controlling interests	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
At 1 July 2012	6,151.1	40,714.0	63,162.5	13,515.3	123,542.9	34,497.8	158,040.7
Comprehensive income							
Profit for the year	-	-	14,148.7	-	14,148.7	4,367.7	18,516.4
Other comprehensive income							
Fair value changes of available-for-sale financial assets, net of taxation	-	-	-	354.3	354.3	2.6	356.9
Release of reserve upon disposal of assets held for sale	-	-	-	(1.4)	(1.4)	(0.8)	(2.2)
Release of reserve upon disposal of available-for-sale financial assets, net of taxation	-	-	-	(90.4)	(90.4)	-	(90.4)
Release of investment revaluation deficit to the income statement upon impairment of available-for-sale financial assets	-	-	-	187.5	187.5	-	187.5
Revaluation of investment properties upon reclassification from property, plant and equipment, net of taxation	-	-	-	49.0	49.0	23.2	72.2
Share of other comprehensive income of jointly controlled entities and associated companies	-	-	-	(95.2)	(95.2)	327.0	231.8
Cash flow hedges	-	-	-	33.7	33.7	21.4	55.1
Translation differences	-	-	-	1,526.7	1,526.7	732.3	2,259.0
Other comprehensive income for the year	-	-	-	1,964.2	1,964.2	1,105.7	3,069.9
Total comprehensive income for the year	-	-	14,148.7	1,964.2	16,112.9	5,473.4	21,586.3

Consolidated Statement of Changes in Equity (continued)

For the year ended 30 June 2013

	Share capital	Share premium	Retained profits	Other reserves	Shareholders' funds	Non-controlling interests	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Transactions with owners							
Contributions by/(distributions to) owners							
Dividends	-	-	(2,475.5)	-	(2,475.5)	(1,748.2)	(4,223.7)
Issue of new shares as scrip dividends	147.1	1,589.9	-	-	1,737.0	-	1,737.0
Issue of new shares upon exercise of share options	13.4	118.6	-	-	132.0	-	132.0
Employees' share-based payments	-	-	-	141.4	141.4	4.5	145.9
Share options lapsed	-	-	21.1	(21.1)	-	-	-
Transfer of reserves	-	-	(17.0)	17.0	-	-	-
	160.5	1,708.5	(2,471.4)	137.3	(465.1)	(1,743.7)	(2,208.8)
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries	-	-	-	-	-	162.1	162.1
Acquisition of additional interests in subsidiaries	-	-	(32.8)	2.1	(30.7)	58.7	28.0
Deemed disposal of interests in subsidiaries	-	-	(29.4)	-	(29.4)	166.1	136.7
	-	-	(62.2)	2.1	(60.1)	386.9	326.8
Total transactions with owners	160.5	1,708.5	(2,533.6)	139.4	(525.2)	(1,356.8)	(1,882.0)
At 30 June 2013	6,311.6	42,422.5	74,777.6	15,618.9	139,130.6	38,614.4	177,745.0

Consolidated Statement of Changes in Equity (continued)

For the year ended 30 June 2013

	Share capital	Share premium	Retained profits	Other reserves	Shareholders' funds	Non-controlling interests	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
At 1 July 2011	3,990.1	30,556.7	53,960.2	15,273.4	103,780.4	30,588.2	134,368.6
Comprehensive income							
Profit for the year	-	-	10,139.0	-	10,139.0	4,182.1	14,321.1
Other comprehensive income							
Fair value changes of available-for-sale financial assets, net of taxation	-	-	-	(546.6)	(546.6)	(88.3)	(634.9)
Release of reserve upon disposal of assets held for sale	-	-	-	(0.3)	(0.3)	(0.4)	(0.7)
Release of reserve upon disposal of available-for-sale financial assets, net of taxation	-	-	-	(103.4)	(103.4)	(84.3)	(187.7)
Release of investment revaluation deficit to the income statement upon impairment of available-for-sale financial assets	-	-	-	446.7	446.7	122.1	568.8
Release of exchange reserve upon disposal of subsidiaries and an associated company	-	-	-	(31.1)	(31.1)	(6.6)	(37.7)
Revaluation of investment properties upon reclassification from property, plant and equipment, net of taxation	-	-	-	9.6	9.6	-	9.6
Share of other comprehensive income of jointly controlled entities and associated companies	-	-	(24.7)	(1,076.7)	(1,101.4)	5.9	(1,095.5)
Cash flow hedges	-	-	-	(70.3)	(70.3)	(45.5)	(115.8)
Translation differences	-	-	-	328.6	328.6	164.9	493.5
Other comprehensive income for the year	-	-	(24.7)	(1,043.5)	(1,068.2)	67.8	(1,000.4)
Total comprehensive income for the year	-	-	10,114.3	(1,043.5)	9,070.8	4,249.9	13,320.7

Consolidated Statement of Changes in Equity (continued)

For the year ended 30 June 2013

	Share capital	Share premium	Retained profits	Other reserves	Shareholders' funds	Non-controlling interests	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Transactions with owners							
Contributions by/(distributions to) owners							
Dividends	-	-	(1,727.4)	-	(1,727.4)	(1,550.0)	(3,277.4)
Contributions from non-controlling shareholders	-	-	-	-	-	1,274.2	1,274.2
Issue of new shares as scrip dividends	165.9	1,000.1	-	-	1,166.0	-	1,166.0
Issue of rights shares	1,995.1	9,157.2	-	-	11,152.3	-	11,152.3
Employees' share-based payments	-	-	-	126.8	126.8	5.3	132.1
Share options lapsed	-	-	824.7	(824.7)	-	-	-
Redemption of convertible bonds	-	-	35.7	(35.7)	-	-	-
Transfer of reserves	-	-	27.3	(27.3)	-	-	-
	2,161.0	10,157.3	(839.7)	(760.9)	10,717.7	(270.5)	10,447.2
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries	-	-	-	-	-	3,833.9	3,833.9
Acquisition of additional interests in subsidiaries	-	-	(110.9)	-	(110.9)	(3,132.3)	(3,243.2)
Deemed disposal of interests in subsidiaries	-	-	38.6	-	38.6	156.9	195.5
Disposal of subsidiaries	-	-	-	-	-	18.3	18.3
Derecognition of non-controlling interests of Newton Resources Limited	-	-	-	46.3	46.3	(946.6)	(900.3)
	-	-	(72.3)	46.3	(26.0)	(69.8)	(95.8)
Total transactions with owners	2,161.0	10,157.3	(912.0)	(714.6)	10,691.7	(340.3)	10,351.4
At 30 June 2012	6,151.1	40,714.0	63,162.5	13,515.3	123,542.9	34,497.8	158,040.7

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	Note	2013 HK\$m	2012 HK\$m
Cash flows from operating activities			
Net cash generated from/(used in) operations	47(a)	8,474.8	(12,718.9)
Hong Kong profits tax paid		(622.0)	(940.9)
Mainland China and overseas taxation paid		(3,334.0)	(2,768.0)
Net cash generated from/(used in) operating activities		4,518.8	(16,427.8)
Cash flows from investing activities			
Interest received		695.0	412.2
Dividends received from			
Jointly controlled entities		2,326.1	1,953.5
Associated companies		992.2	721.3
Available-for-sale financial assets and financial assets at fair value through profit or loss		198.8	76.0
Additions of investment properties, property, plant and equipment, land use rights and intangible concession rights		(5,487.4)	(2,755.0)
Increase in interests in jointly controlled entities		(2,439.2)	(4,085.4)
Increase in interests in associated companies		(1,171.5)	(1,319.7)
Increase in other non-current assets		(1,349.8)	–
Decrease in short-term bank deposits maturing after more than three months		73.3	835.7
Acquisition of subsidiaries (net of cash and cash equivalents)	47(c)	(75.2)	(4,943.9)
Acquisition of additional interests in subsidiaries		–	(3,410.6)
Purchase of available-for-sale financial assets and financial assets at fair value through profit or loss		(446.6)	(772.2)
Proceeds from disposal of			
Available-for-sale financial assets and financial assets at fair value through profit or loss		1,609.3	919.8
Non-current assets classified as assets held for sale		119.6	142.6
Investment properties, property, plant and equipment and land use rights		765.3	394.4
Jointly controlled entities		–	519.4
Associated companies		–	171.2
Subsidiaries (net of cash and cash equivalents)	47(e)	–	1,233.7
Net cash used in investing activities		(4,190.1)	(9,907.0)

Consolidated Statement of Cash Flows (continued)

For the year ended 30 June 2013

	Note	2013 HK\$m	2012 HK\$m
Cash flows from financing activities			
Issue of fixed rate bonds, net of transaction costs		4,193.7	10,571.5
New bank and other loans		32,735.6	36,354.0
Repayment of bank and other loans		(20,906.7)	(26,410.6)
Redemption of convertible bonds		–	(401.5)
Increase in loans from non-controlling shareholders		755.9	1,378.2
(Increase)/decrease in restricted bank balances		(44.8)	568.8
Increase in interests in subsidiaries		(137.5)	–
Contributions from non-controlling shareholders		–	1,274.2
Issue of shares		132.0	11,152.3
Interest paid		(3,183.7)	(2,205.1)
Dividends paid to shareholders of the Company		(738.5)	(561.4)
Dividends paid to non-controlling shareholders		(1,452.5)	(1,132.7)
Net cash from financing activities		11,353.5	30,587.7
Net increase in cash and cash equivalents		11,682.2	4,252.9
Cash and cash equivalents at beginning of the year		27,344.7	22,964.7
Translation differences		558.4	127.1
Cash and cash equivalents at end of the year		39,585.3	27,344.7
Analysis of cash and cash equivalents			
Cash at banks and on hand	36	17,081.9	19,320.5
Short-term bank deposits maturing within three months		22,503.4	8,024.2
		39,585.3	27,344.7

Notes to the Financial Statements

1 General information

New World Development Company Limited (the “Company”) is a limited liability company incorporated in Hong Kong. The address of its registered office is 30/F, New World Tower, 18 Queen’s Road Central, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company and its subsidiaries (together the “Group”) are principally engaged in property development and investment, contracting, provision of services (including property and facility management, transport and other services), infrastructure operations (including the operation of roads, power plants, water treatment, waste management plants, container handling, logistics and warehousing services), hotel and restaurant operations, department store operations, telecommunication services, and telecommunications, media, technology and strategic businesses.

These consolidated financial statements have been approved by the Board of Directors on 26 September 2013.

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, available-for-sale financial assets, certain financial assets and financial liabilities (including derivative financial instruments), which have been measured at fair value.

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

(a) Adoption of amendment to standard

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

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

Notes to the Financial Statements

2 Basis of preparation (continued)

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

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

Effective for the year ending 30 June 2014

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

Effective for the year ending 30 June 2015 or after

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

The Group has already commenced an assessment of the impact of these new or revised standards, amendments to standards and interpretations, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements. The Group is not yet in a position to ascertain their impact on its results of operations and financial position.

Notes to the Financial Statements

3 Principal accounting policies

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

(a) Consolidation

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

(i) Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners 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. There is a choice, on the basis of each acquisition to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amount of acquiree's identifiable 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 Group's share of the identifiable net assets acquired is recorded as goodwill. If this consideration 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 consolidated 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

(1) Jointly controlled entities

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

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

Equity joint ventures/wholly foreign owned enterprises

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

Co-operative joint ventures

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

Companies limited by shares

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

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

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

The Company's interests in jointly controlled entities are stated at cost less provision for impairment losses. The results of jointly controlled entities 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 (continued)

(2) Jointly controlled operations

The assets that the Group controls and liabilities that the Group incurs in relation to the jointly controlled operation are recognised in the statement of financial position on an accrual basis and classified according to the nature of the item. The expenses that the Group incurs and its share of income that it earns from the jointly controlled operations are included in the consolidated income statement.

(iii) Associated companies

An associated company is a company other than a subsidiary and a jointly controlled entity, in which the Group has significant influence exercised 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. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired associated companies at the date of acquisition. The interests in associated companies also include long-term interest that, in substance, form part of the Group's net investment in the associated companies.

The Group's share of its associated companies' post acquisition profits or losses is recognised in the consolidated income statement, and the share of post-acquisition movements in reserves is recognised in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the share of losses in an associated company equals or exceeds its interests in the associated company, including any other unsecured receivable, 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 interests 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.

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

Gain or loss on deemed disposal on dilution arising from investments in associated companies are recognised in the consolidated income statement.

Notes to the Financial Statements

3 Principal accounting policies (continued)

(a) Consolidation (continued)

(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. 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 shareholders are also recorded in equity.

(b) Intangible assets

(i) Goodwill

Goodwill arising on acquisitions of subsidiaries is included in intangible assets. Goodwill arising on acquisitions of jointly controlled entities and associated companies is included in interests in jointly controlled entities and associated companies respectively and is tested for impairment as part of overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of all or part of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of testing for impairment. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(ii) Trademarks

Separately acquired trademarks are recognised at initial 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.

Notes to the Financial Statements

3 Principal accounting policies (continued)

(b) Intangible assets (continued)

(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.

(vi) Operating right

Operating right primarily resulted from the acquisition of right to operate facilities rental and other businesses. Operating right is carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over the period of the operating right.

(vii) Intangible concession rights

The Group has entered into contractual service arrangements (“Service Concessions”) with local government authorities for its participation in the development, financing, operation and maintenance of various infrastructures for public services, such as toll roads and bridges, power plants and water treatment plants (the “Infrastructures”). The Group carries out the construction or upgrade work of Infrastructures for the granting authorities in exchange for the right to operate the Infrastructures concerned and the right to collect the fees for a specified period of time. The fees collected during the operating periods are attributable to the Group. The relevant Infrastructures are required to be returned to the local government authorities upon the expiry of the operating rights without significant compensation to the Group.

The Group applies the intangible asset model to account for the Infrastructures where they are paid by the users of the Infrastructures and the concession grantors (the respective local governments) have not provided any contractual guarantees in respect of the amounts of construction costs incurred to be recoverable.

Land use rights acquired in conjunction with the Service Concessions which the Group has no discretion or latitude to deploy for other services other than the use in the Service Concessions are treated as intangible assets acquired under the Service Concessions.

Amortisation of intangible concession rights is calculated to write off their costs, where applicable, on an economic usage basis for roads and bridges whereby the amount of amortisation is provided based on the ratio of actual volume compared to the total projected volume or on a straight-line basis for water treatment plants over the periods which the Group is granted the rights to operate these Infrastructures. The total projected volume of the respective Infrastructures is reviewed regularly with reference to both internal and external sources of information and appropriate adjustments will be made should there be a material change.

Notes to the Financial Statements

3 Principal accounting policies (continued)

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

Non-current assets are classified as assets 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) Land use rights

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

(e) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the 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 leasehold land and buildings. 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 and where applicable borrowing costs. After initial recognition, investment property is carried at fair value. Fair value is determined by professional valuation conducted at the end of each reporting period. Changes in fair value are recognised in the consolidated 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.

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)

(f) Property, plant and equipment

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

(i) Assets under construction

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

(ii) Depreciation

No depreciation is provided on assets under construction until such time when the relevant assets are completed and available for intended use.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Shorter of remaining lease term of 10 to over 50 years or useful life
Buildings	20 to 40 years
Ports facilities and terminal equipment	7 to 44 years
Telecommunication equipment and systems	3 to 15 years
Other assets	2 to 25 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 consolidated income statement.

Notes to the Financial Statements

3 Principal accounting policies (continued)

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

Non-financial assets that have an indefinite useful life, for example goodwill, or have not yet been available for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount. An impairment loss is recognised in the consolidated 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 an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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

(h) Investments

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

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

Financial assets at fair value through profit or loss are financial assets held for trading and those designated as at fair value through profit or loss at inception under certain circumstances. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. 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 more than 12 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 less than 12 months from the end of the reporting period, which are classified as current assets.

Notes to the Financial Statements

3 Principal accounting policies (continued)

(h) 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 12 months of 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 cost are expensed in the consolidated 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 consolidated 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 consolidated 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 consolidated income statement; translation differences on non-monetary financial assets are recognised in other comprehensive income.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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

(i) Derivative financial instruments

A derivative is initially recognised at fair value on the date a derivative contract is entered into and is subsequently remeasured at its fair value at the end of each reporting period. The change in the fair value is recognised in the consolidated income statement.

Notes to the Financial Statements

3 Principal accounting policies (continued)

(j) Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (1) adverse changes in the payment status of borrowers in the portfolio;
 - (2) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Notes to the Financial Statements

3 Principal accounting policies (continued)

(j) Impairment of financial assets (continued)

(ii) Assets classified as available for sale

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. For debt securities, the Group uses the criteria refer to (i) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. 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 consolidated income statement – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in consolidated income statement, the impairment loss is reversed through the consolidated income statement.

(k) Properties for/under development

Properties for/under development comprise leasehold land and 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) Properties held for sale

Properties held for sale are initially measured at the carrying amount of the property at the date of reclassification from properties under development. Subsequently, 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) Inventories

Inventories 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.

The Group presents the net contract position for each contract as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included under current assets.

The Group presents the net contract position for each contract as a liability the gross amount due to customers for contract work for all contracts in progress for progress billings exceed costs incurred plus recognised profits (less recognised losses).

Notes to the Financial Statements

3 Principal accounting policies (continued)

(o) Trade and other debtors

Trade and other debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other debtors is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(p) Cash and cash equivalents

In the consolidated statement of cash flows, 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.

Notes to the Financial Statements

3 Principal accounting policies (continued)

(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 income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Deferred income tax 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 financial statements. However, the deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax 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 transaction affects neither accounting nor taxable profit or loss. Deferred income tax 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 income tax 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 income tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income 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 income 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 or capitalised on the basis set out in note 3(z) over the period of the borrowings using the effective interest method where appropriate.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(w) Convertible bonds

(i) Convertible bonds with equity component

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

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

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

The equity component is not remeasured 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 instruments 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 consolidated 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 consolidated income statement.

Notes to the Financial Statements

3 Principal accounting policies (continued)

(x) 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 value-added tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors after eliminating sales within the Group.

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) Rental

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

(ii) Property sales

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 in current liabilities.

(iii) Construction revenue

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.

(iv) Service fees

Property management service fee and property letting agency fee are recognised when services are rendered.

(v) Infrastructure operations

Toll revenue from road and bridge operations, income from port operation, cargo, container handling and storage are recognised when services are rendered.

(vi) Telecommunication services

Telecommunication service revenue is recognised when service is rendered and is based on the usage of telecommunication network and facilities. Telecommunication revenue in respect of standard service plans billed in advance at the end of the reporting period is deferred and recognised when service is rendered. Revenue received in advance for the provision of telecommunication services using prepaid cards is deferred and amortised based on the actual usage by customers.

Notes to the Financial Statements

3 Principal accounting policies (continued)

(x) Revenue recognition (continued)

(vii) Department store operations

Sale of goods and merchandise is recognised upon delivery of goods.

Income from concessionaire sale is recognised upon the sale of goods and merchandise by the relevant stores.

(viii) Hotel operations

Revenue from hotel and restaurant operations is recognised upon provision of the services.

(ix) Interest

Interest is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognised using the original effective interest rate.

(x) Dividend

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

(y) 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, as creditors and accrued charges. The finance charges are charged to the consolidated income statement over the lease periods so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

(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 consolidated income statement on a straight-line basis over the period of the lease.

(z) 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. Other borrowing costs are expensed as incurred.

Notes to the Financial Statements

3 Principal accounting policies (continued)

(aa) 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

A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans, including the Mandatory Provident Fund Scheme and employee pension schemes established by municipal government in The People's Republic of China ("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) Defined benefit plans

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of services and compensation. Defined benefit costs under defined benefit plans, which are assessed using the projected unit credit method, are charged to the consolidated income statement. Under this method, plan assets are measured at fair value and defined benefit obligations are measured as the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on Exchange Fund Notes, which have terms to maturity approximating the terms of the related liability. The actuarial gains and losses to the extent of the amount in excess of 10.0% of the greater of the present value of the plan obligations and the fair value of plan assets are recognised in the consolidated income statement over the expected average remaining service lives of the participating employees.

(v) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of share 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 consolidated income statement, with a corresponding adjustment to equity.

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

On lapse of share options according to the plan, corresponding amount recognised in employees' share-based compensation 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.

Notes to the Financial Statements

3 Principal accounting policies (continued)

(ab) 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 financial statements are presented in Hong Kong dollar, which is the Company's functional and presentation currency.

(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 consolidated income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

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

Notes to the Financial Statements

3 Principal accounting policies (continued)

(ab) Foreign currencies (continued)

(iii) Group companies (continued)

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associated companies or jointly controlled entities that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

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

(ac) Insurance contracts

The Group assesses at the end of each reporting period the liabilities under its insurance contracts using current estimates of future cash flows. If the carrying amount of the relevant insurance liabilities 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 profit or loss. 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, guarantees provided to its related parties and tax indemnity provided to its non-wholly owned subsidiary as insurance contracts.

(ad) 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 of the Board of Directors of the Company that makes strategic decisions.

Segment assets consist primarily of property, plant and equipment, land use rights, investment properties, intangible concession rights, intangible assets, available-for-sale financial assets, held-to-maturity investments, financial assets at fair value through profit or loss, properties for development, other non-current assets, properties under development, properties held for sale, inventories and receivables and exclude derivative financial instruments, deferred tax assets, restricted bank balances and cash and bank balances. Segment liabilities comprise operating liabilities and exclude items such as taxation and borrowings.

(ae) Dividend distribution

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

Notes to the Financial Statements

4 Financial risk management and fair value estimation

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group has centralised treasury function for all of its subsidiaries except for listed subsidiaries which arrange their financial and treasury affairs on a stand-alone basis and in a manner consistent with the overall policies of the Group.

(a) Market risk

(i) Foreign exchange risk

The Group's operations is mainly in Hong Kong and Mainland China. 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 entering into forward foreign exchange contracts to reduce the exposure should the need arises.

At 30 June 2013, the Group's entities with functional currency of Hong Kong dollar had aggregate United States dollar net monetary liabilities of HK\$5,691.1 million (2012: HK\$8,657.5 million). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to the United States dollar, management therefore considers that there are no significant foreign exchange risk with respect to the United States dollar.

At 30 June 2013, the Group's entities with functional currency of Hong Kong dollar had aggregate Renminbi net monetary assets of HK\$2,750.7 million (2012: HK\$3,786.6 million). If Hong Kong dollar had strengthened/weakened by 5% against Renminbi with all other variables unchanged, the Group's profit before taxation would have been HK\$137.5 million (2012: HK\$189.3 million) lower/higher.

At 30 June 2013, the Group's entities with functional currency of Renminbi had aggregate net monetary assets denominated in United States dollar of HK\$2,753.4 million (2012: HK\$4,947.4 million). If Renminbi had strengthened/weakened by 5% against United States dollar with all other variables unchanged, the Group's profit before taxation would have been HK\$137.7 million (2012: HK\$247.4 million) lower/higher.

At 30 June 2013, the Group's entities with functional currency of Renminbi had aggregate net monetary liabilities denominated in Hong Kong dollar of HK\$12,232.6 million (2012: HK\$11,106.8 million). If Renminbi had strengthened/weakened by 5% against Hong Kong dollar with all other variables unchanged, the Group's profit before taxation would have been HK\$611.6 million (2012: HK\$555.3 million) higher/lower.

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 over the period from the end of the reporting period until the end of next reporting period. There are no other significant monetary balances held by group companies at 30 June 2013 and 2012 that are denominated in a non-functional currency. Currency risks as defined by HKFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency, differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

Notes to the Financial Statements

4 Financial risk management and fair value estimation (continued)

(a) Market risk (continued)

(ii) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. 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 deposits at bank, advances to customers and amounts due from jointly controlled entities and associated companies. 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. The Group's borrowings issued at fixed rates exposed the Group to fair value interest rate risk.

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

If interest rates had been 100 basis points (2012: 40 basis points) higher/lower with all other variables held constant, the Group's profit before taxation would have been HK\$76.5 million higher or HK\$79.7 million lower respectively (2012: HK\$52.3 million higher or HK\$67.2 million 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 points (2012: 40 basis points) increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group over the period until the end of next 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.

(iii) Price risk

The Group is exposed to equity securities price risk arising from the listed and unlisted equity investments held by the Group. Gains and losses arising from changes in the fair value of available-for-sale financial assets and financial assets at fair value through profit or loss are dealt with in equity and consolidated income statement respectively. The performance of the Group's listed and unlisted equity investments are monitored regularly, together with an assessment of their relevance to the Group's strategic plans. The Group is also exposed to other price risk arising from fair value of certain interest rate swaps which is determined based on the in-house indexes of banks. Changes in fair value of these interest rate swaps are dealt with in the consolidated income statement. The Group is not exposed to commodity price risk.

At 30 June 2013, if the price of listed and unlisted equity investments in available-for-sale financial assets had been 25% higher with all other variables held constant, the Group's investment revaluation reserve would have been HK\$1,244.7 million (2012: HK\$1,263.6 million) higher. If the price of listed and unlisted equity investments in available-for-sale financial assets had been 25% lower with all other variables held constant, the Group's profit before taxation and investment revaluation reserve would have been HK\$70.7 million and HK\$1,174.0 million (2012: HK\$109.8 million and HK\$1,153.8 million) lower respectively. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

At 30 June 2013, if the price of listed and unlisted equity investments in financial assets at fair value through profit or loss had been 25% higher/lower with all other variables held constant, the Group's profit before taxation would have been HK\$69.2 million (2012: HK\$252.7 million) higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

Notes to the Financial Statements

4 Financial risk management and fair value estimation (continued)

(b) Credit risk

The credit risk of the Group and the Company mainly arises from deposits with banks, trade and other debtors and balances receivable from investee companies, jointly controlled entities, associated companies and debt securities. 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 debtors mainly include receivables from sale and lease of properties and other services. Loans receivable included in other non-current assets normally carry interest at rates with reference to prevailing market interest rate and are secured by collaterals. The Group and the Company carry out regular reviews and follow-up actions on any overdue amounts to minimise exposures to credit risk. There is no concentration of credit risk with respect to trade debtors from third party customers as the customer bases are widely dispersed in different sectors and industries.

In addition, the Group and the Company monitor the exposure to credit risk in respect of the financial assistance provided to subsidiaries, jointly controlled entities and associated companies through exercising control or significant influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis. Investment in debt securities are limited to financial institutions or investment counterparty with high quality.

The Group provides guarantees to banks in connection with certain property purchasers' borrowing of mortgage loans to finance their purchase of the properties until the issuance of the official property title transfer certificates by the relevant authority in the Mainland China. 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 under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the purchaser's deposit and sell the property 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 liabilities based on the current estimates of future cash flows. As at 30 June 2013 and 2012, no provision on the above guarantees to banks had been made in the financial statements.

Notes to the Financial Statements

4 Financial risk management and fair value estimation (continued)

(c) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. 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 adequate undrawn committed credit facilities to further reduce liquidity risk in meeting funding requirements.

The table below analyses the Group's and the Company's non-derivative 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 cash flows.

Group

Non-derivative financial liabilities:

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 5 years	After 5 years
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
At 30 June 2013					
Creditors and accrued charges	21,338.1	21,338.1	19,975.9	1,311.1	51.1
Short-term borrowings	9,291.9	9,334.8	9,334.8	–	–
Long-term borrowings	97,120.8	106,560.8	20,852.1	80,176.3	5,532.4
At 30 June 2012					
Creditors and accrued charges	18,936.1	18,936.1	18,236.8	699.3	–
Short-term borrowings	8,473.8	8,502.2	8,502.2	–	–
Long-term borrowings	80,237.6	88,880.3	14,614.9	62,326.4	11,939.0

Derivative financial liabilities:

	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 5 years	After 5 years
	HK\$m	HK\$m	HK\$m	HK\$m
At 30 June 2013				
Derivative financial instruments (net settled)	598.4	137.1	363.7	97.6
At 30 June 2012				
Derivative financial instruments (net settled)	657.2	118.7	398.8	139.7
Derivative financial instruments (gross settled)				
– outflow	1,275.4	21.7	1,253.7	–
– inflow	(1,287.8)	(33.6)	(1,254.2)	–

There are no gross settled derivative financial liabilities as at 30 June 2013.

Notes to the Financial Statements

4 Financial risk management and fair value estimation (continued)

(c) Liquidity risk (continued)

Company

Non-derivative financial liabilities:

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 5 years	After 5 years
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
At 30 June 2013					
Creditors and accrued charges	438.8	438.8	438.8	–	–
Amounts payable to subsidiaries	33,011.4	33,011.4	33,011.4	–	–
At 30 June 2012					
Creditors and accrued charges	519.4	519.4	519.4	–	–
Amounts payable to subsidiaries	26,618.3	26,618.3	26,618.3	–	–

(d) Capital management

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

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

The Group monitors capital on the basis of the Group's gearing ratio and makes adjustments to it in light of changes in economic conditions and business strategies. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (excluding loans from non-controlling shareholders) less cash and bank balances.

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

	2013 HK\$m	2012 HK\$m
Consolidated total borrowings (excluding loans from non-controlling shareholders)	102,755.3	85,809.7
Less: cash and bank balances	40,262.3	28,036.3
Consolidated net debt	62,493.0	57,773.4
Total equity	177,745.0	158,040.7
Gearing ratio	35.2%	36.6%

The decrease in gearing ratio as at 30 June 2013 was primarily resulted from the increase in equity contributed by profit for the year, which was partly offsetted by the increase of debts to meet the funding requirement of active business development and acquisitions.

Notes to the Financial Statements

4 Financial risk management and fair value estimation (continued)

(e) Fair value estimation

The Group's financial instruments that are measured at fair value are disclosed by levels 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 carrying amounts of the financial instruments of the Group are as follows:

- (i) Listed investments are stated at market prices. The quoted market price used for financial assets held by the Group is the bid price at the end of the reporting period. They are included in level 1.

Unlisted investments are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market price is not readily available. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. If all significant inputs required to estimate the fair value of an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

- (ii) The fair value of long-term financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The following table presents the Group's financial instruments that are measured at fair value at 30 June 2013:

	Level 1 HK\$m	Level 2 HK\$m	Level 3 HK\$m	Total HK\$m
Available-for-sale financial assets	1,361.9	76.3	3,540.6	4,978.8
Financial assets at fair value through profit or loss	59.8	21.1	195.8	276.7
Derivative financial instruments				
Derivative financial assets	–	21.9	58.8	80.7
	1,421.7	119.3	3,795.2	5,336.2
Derivative financial instruments				
Derivative financial liabilities	–	(887.7)	(40.9)	(928.6)

Notes to the Financial Statements

4 Financial risk management and fair value estimation (continued)

(e) Fair value estimation (continued)

(ii) (continued)

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

	Level 1 HK\$m	Level 2 HK\$m	Level 3 HK\$m	Total HK\$m
Available-for-sale financial assets	1,666.9	103.3	3,284.0	5,054.2
Financial assets at fair value through profit or loss	66.6	–	944.0	1,010.6
Derivative financial instruments				
Derivative financial assets	–	452.2	–	452.2
	1,733.5	555.5	4,228.0	6,517.0
Derivative financial instruments				
Derivative financial liabilities	–	(1,899.4)	(46.1)	(1,945.5)

There were no significant transfer of financial assets between level 1 and level 2 fair value hierarchy classifications.

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

	Available- for-sale financial assets HK\$m	Financial assets at fair value through profit or loss HK\$m	Derivative financial assets HK\$m	Derivative financial liabilities HK\$m
At 1 July 2012	3,284.0	944.0	–	(46.1)
Additions	6.0	3.4	–	–
Net gain/(loss) recognised in the consolidated statement of comprehensive income/income statement	345.7	(259.7)	58.8	5.2
Disposals	(95.1)	(491.9)	–	–
At 30 June 2013	3,540.6	195.8	58.8	(40.9)

Notes to the Financial Statements

4 Financial risk management and fair value estimation (continued)

(e) Fair value estimation (continued)

(ii) (continued)

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

	Available- for-sale financial assets HK\$m	Financial assets at fair value through profit or loss HK\$m	Derivative financial liabilities HK\$m
At 1 July 2011	3,242.5	814.3	(35.0)
Additions	50.4	474.1	–
Net gain/(loss) recognised in the consolidated statement of comprehensive income/income statement	208.4	79.5	(11.1)
Disposals	(6.7)	(165.8)	–
Transfer to associated companies	(210.6)	(258.1)	–
At 30 June 2012	3,284.0	944.0	(46.1)

5 Critical accounting estimates and judgements

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

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) Fair value of available-for-sale financial assets and financial assets at fair value through profit or loss

The fair value of available-for-sale financial assets and financial assets at fair value through profit or loss that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods (such as discounted cash flow model and option pricing models) and evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health and short-term business outlook for the investee and historical price volatility of these investments. The key assumptions adopted on projected cashflow are based on management's best estimates.

Notes to the Financial Statements

5 Critical accounting estimates and judgements (continued)

(b) Valuation of investment properties

The fair value of each completed investment property is individually determined at the end of each reporting period by independent valuers based on a market value assessment. The valuers have relied on the capitalisation of income approach as their primary methods, supported by the direct comparison method. These methodologies are based upon estimates of future results and a set of assumptions specific to each property to reflect its tenancy and cashflow profile. The fair value of each investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in 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.

The fair value of investment properties under development is determined by reference to independent valuation. For the Group's majority 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 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 cost.

At 30 June 2013, if the market value of investment properties had been 8% (2012: 8%) higher/lower with all other variables held constant, the carrying value of the Group's investment properties would have been HK\$5,735.3 million (2012: HK\$4,860.2 million) higher/lower.

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

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

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

Notes to the Financial Statements

5 Critical accounting estimates and judgements (continued)

(d) Impairment of assets

The Group tests annually whether goodwill has suffered any impairment according to their recoverable amounts determined by the cash-generating units based on value-in-use calculations. These calculations require the use of estimates which are subject to change of economic environment in future. Details are set out in note 21.

The Group determines whether an investment in jointly controlled entities and associated companies is impaired by regularly review whether there are any indications of impairment based on value in use calculations. In determining the value in use, management assesses the present value of estimated future cash flows expected to arise from their businesses. Estimates and judgements are applied in determining these future cash flows and discount rate. Management estimates the future cash flows based on certain assumptions, such as revenue growth, unit price, proved and probable mining reserve, production cost and production capacity. This evaluation is also subject to changes in factors such as industry and sector performance, changes in technology and operational and financing cash flow.

The Group determines whether an available-for-sale financial asset is impaired by evaluating the duration or extent to which the fair value of an investment is less than its cost.

The Group assesses whether there is objective evidence as stated in note 3(j) that deposits, 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 receivables will impact the amount of impairment required.

(e) Financial guarantees and tax indemnity

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 their outstanding mortgage principal and interest.

In respect of the tax indemnity provided to its non-wholly owned subsidiary, the Group makes estimates on the project costs for the development of the relevant properties and the potential exposure to the relevant Mainland China tax liabilities based on an estimation of the future market condition and economic environment. Provision will only be made in the financial period when the outcome of the potential liabilities can be reliably determined, or otherwise, the potential exposure attributable to the Group and the Company is disclosed as contingent liabilities set out in note 46.

(f) Income taxes

The Group is subject to withholding and income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for withholding and income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the financial period in which such determination is made.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the 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.

Notes to the Financial Statements

5 Critical accounting estimates and judgements (continued)

(g) Estimate of revenue and costs of construction works

The Group recognises its contract revenue according to the percentage of completion of the individual contract of construction works. The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Budgeted construction income is determined in accordance with the terms set out in the relevant contracts. Budgeted construction costs which mainly comprise sub-contracting charges and costs of materials are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, the management conducts periodic reviews on the management budgets by comparing the budgeted amounts to the actual amounts incurred.

(h) Estimated volume of infrastructures of public services

The amortisation for intangible concession rights and impairment assessment of infrastructures for public services using discounted cash flow model are affected by the estimated volume for public services, such as toll roads and bridges. Management performs annual reviews to assess the appropriateness of estimated volume by making reference to independent professional studies, if necessary.

The traffic volume is directly and indirectly affected by a number of factors, including the availability, quality, proximity and toll rate differentials of alternative roads and the existence of other means of transportation. The growth of the traffic flow is also highly tied to the future economic and transportation network development of the area in which the infrastructures serve. Appropriate adjustment will be made should there be a material change.

6 Revenues and segment information

Revenues (representing turnover) recognised during the year are as follows:

	2013 HK\$m	2012 HK\$m
Revenues		
Property sales	24,249.2	12,627.1
Rental	2,188.4	1,892.8
Contracting	2,712.6	2,791.3
Provision of services	6,956.3	8,282.0
Infrastructure operations	2,223.5	1,926.2
Hotel operations	3,482.3	3,559.5
Department store operations	3,954.1	3,517.3
Telecommunication services	753.3	754.3
Others	260.2	269.6
Total	46,779.9	35,620.1

The Executive Committee of the Company, being the chief operating decision-maker, determines and reviews the Group's internal reporting in order to assess performance and allocate resources. The operating segments are determined based on the afore-mentioned internal reporting. The Executive Committee considers the business from product and service perspective, which comprises property development, property investment, service, infrastructure, hotel operations, department stores, telecommunications and others (including media and technology businesses) segments.

Notes to the Financial Statements

6 Revenues and segment information (continued)

The Executive Committee assesses the performance of the operating segments based on each segment's operating profit. The measurement of segment operating profit excludes the effects of changes in fair value of investment properties, unallocated corporate expenses and non-recurring events. In addition, financing income and costs are not allocated to segments.

Sales between segments are carried out in accordance with terms agreed by the parties involved.

	Property development HK\$m	Property investment HK\$m	Service HK\$m	Infra- structure HK\$m	Hotel operations HK\$m	Department stores HK\$m	Telecom- munications HK\$m	Others HK\$m	Consolidated HK\$m
2013									
Total revenues	24,768.0	2,411.8	14,897.5	2,223.5	3,482.3	3,954.1	793.8	314.9	52,845.9
Inter-segment	(518.8)	(223.4)	(5,228.6)	-	-	-	(40.5)	(54.7)	(6,066.0)
Revenues – external	24,249.2	2,188.4	9,668.9	2,223.5	3,482.3	3,954.1	753.3	260.2	46,779.9
Segment results	6,891.9	1,330.8	1,167.0	1,119.3	517.5	743.7	2.2	(7.3)	11,765.1
Other gains, net	310.1	13.0	40.8	317.3	0.4	(31.9)	(0.3)	349.6	999.0
Changes in fair value of investment properties	-	7,127.2	333.6	-	-	-	-	-	7,460.8
Unallocated corporate expenses									(938.2)
Operating profit									19,286.7
Financing income									1,008.4
Financing costs									(1,703.6)
									18,591.5
Share of results of									
Jointly controlled entities	378.6	1,095.6	144.5	1,310.7	(61.4)	-	-	531.3	3,399.3
Associated companies	68.0	570.0	397.0	32.0	(5.9)	-	237.3	22.0	1,320.4
Profit before taxation									23,311.2
Taxation									(4,794.8)
Profit for the year									18,516.4
Segment assets	103,918.5	72,575.5	13,406.0	16,828.3	11,511.6	6,446.5	678.4	5,599.8	230,964.6
Interests in jointly controlled entities	10,101.1	11,123.0	3,635.3	16,256.4	1,268.7	-	-	871.4	43,255.9
Interests in associated companies	901.9	3,256.5	8,432.2	1,523.8	101.8	-	2,426.4	171.2	16,813.8
Unallocated assets									41,154.8
Total assets									332,189.1
Segment liabilities	20,700.2	1,049.3	3,808.6	590.8	965.8	4,859.4	223.2	1,449.4	33,646.7
Unallocated liabilities									120,797.4
Total liabilities									154,444.1
Additions to non-current assets (note (a))	9,254.9	3,888.6	210.5	10.7	2,727.7	262.1	124.1	339.4	16,818.0
Depreciation and amortisation	60.4	7.0	139.0	718.3	446.6	393.4	55.6	60.1	1,880.4
Impairment charge and provision	-	-	-	-	-	118.2	-	201.9	320.1

Notes to the Financial Statements

6 Revenues and segment information (continued)

	Property development HK\$m	Property investment HK\$m	Service HK\$m	Infra- structure HK\$m	Hotel operations HK\$m	Department stores HK\$m	Telecom- munications HK\$m	Others HK\$m	Consolidated HK\$m
2012									
Total revenues	12,627.1	2,094.5	14,396.0	1,926.2	3,559.5	3,517.3	809.0	303.2	39,232.8
Inter-segment	-	(201.7)	(3,322.7)	-	-	-	(54.7)	(33.6)	(3,612.7)
Revenues - external	12,627.1	1,892.8	11,073.3	1,926.2	3,559.5	3,517.3	754.3	269.6	35,620.1
Segment results	5,285.2	1,085.2	1,425.9	1,059.4	640.7	766.1	(4.2)	(136.8)	10,121.5
Other gains, net	90.8	42.2	1,597.9	144.5	559.5	16.6	(59.3)	(467.7)	1,924.5
Changes in fair value of investment properties	-	4,797.3	93.3	-	-	12.1	-	-	4,902.7
Unallocated corporate expenses									(833.7)
Operating profit									16,115.0
Financing income									686.5
Financing costs									(1,200.0)
									15,601.5
Share of results of									
Jointly controlled entities	(17.7)	511.3	40.5	1,204.5	(25.9)	-	-	250.0	1,962.7
Associated companies	6.5	420.4	440.8	79.8	(5.2)	-	181.7	33.4	1,157.4
Profit before taxation									18,721.6
Taxation									(4,400.5)
Profit for the year									14,321.1
Segment assets	89,336.9	57,199.9	12,705.1	17,035.2	9,555.2	8,481.5	619.9	6,268.8	201,202.5
Interests in jointly controlled entities	8,716.0	9,670.5	3,491.7	16,169.5	1,300.4	-	-	1,428.0	40,776.1
Interests in associated companies	449.8	3,020.4	7,825.2	1,413.1	108.4	-	2,266.0	128.8	15,211.7
Unallocated assets									29,181.4
Total assets									286,371.7
Segment liabilities	14,420.5	1,010.6	3,973.8	455.8	571.8	4,272.9	270.9	993.3	25,969.6
Unallocated liabilities									102,361.4
Total liabilities									128,331.0
Additions to non-current assets (note (a))	6,029.9	998.2	183.6	16,233.4	2,930.0	2,684.2	126.3	74.4	29,260.0
Depreciation and amortisation	55.3	23.6	131.4	557.0	410.8	359.6	48.5	18.0	1,604.2
Impairment charge and provision	20.2	-	264.7	51.8	-	-	60.0	260.0	656.7

Notes to the Financial Statements

6 Revenues and segment information (continued)

	Revenues HK\$m	Non-current assets (note (a)) HK\$m
2013		
Hong Kong	24,418.0	68,717.2
Mainland China	21,756.1	67,872.9
Others	605.8	2,199.3
	46,779.9	138,789.4
2012		
Hong Kong	16,879.3	54,097.9
Mainland China	17,933.6	60,780.7
Others	807.2	2,186.1
	35,620.1	117,064.7

Note (a): Non-current assets represent non-current assets other than financial instruments (financial instruments include interests in jointly controlled entities and interests in associated companies), deferred tax assets and retirement benefit assets.

7 Other income

	2013 HK\$m	2012 HK\$m
Dividend income from investments in		
Listed shares	54.3	51.8
Unlisted shares	144.5	24.2
	198.8	76.0

Notes to the Financial Statements

8 Other gains, net

	2013 HK\$m	2012 HK\$m
Write back of provision for loans and other receivables	5.9	24.7
Gain on deemed disposal of interest in a subsidiary	–	1,842.7
Gain on remeasuring previously held interest of a jointly controlled entity at fair value upon further acquisition to become a subsidiary	11.9	204.8
Net gain/(loss) on fair value of financial assets at fair value through profit or loss	126.2	(789.9)
Net gain/(loss) on disposal of		
Investment properties, property, plant and equipment and land use rights	440.8	36.1
Assets held for sale	59.8	99.8
Available-for-sale financial assets	143.6	246.4
Financial assets at fair value through profit or loss	(212.1)	51.7
Subsidiaries	–	148.2
Jointly controlled entities	–	347.8
Associated companies	–	86.9
Impairment loss on		
Available-for-sale financial assets	(201.9)	(568.8)
Loans and other receivables	–	(2.3)
Properties held for sale, property, plant and equipment and land use rights	(118.2)	(85.6)
Net exchange gain	743.0	282.0
	999.0	1,924.5

Notes to the Financial Statements

9 Operating profit

Operating profit of the Group is arrived at after crediting/(charging) the following:

	2013 HK\$m	2012 HK\$m
Gross rental income from investment properties	2,020.1	1,679.5
Outgoings	(590.9)	(553.8)
	1,429.2	1,125.7
Cost of inventories sold	(19,059.1)	(9,572.8)
Depreciation of property, plant and equipment (note 18)	(997.3)	(884.4)
Amortisation		
Intangible assets (note 21)	(83.8)	(79.4)
Land use rights (note 19)	(90.4)	(92.3)
Intangible concession rights (note 20)	(708.9)	(548.1)
Operating lease rental expense		
Land and buildings	(958.6)	(825.8)
Other equipment	(7.5)	(7.2)
Staff costs (note 15(a))	(4,722.9)	(4,206.1)
Auditor's remuneration	(60.8)	(56.6)

10 Financing costs

	2013 HK\$m	2012 HK\$m
Interest on bank loans and overdrafts		
Wholly repayable within five years	2,138.1	1,565.7
Not wholly repayable within five years	332.3	297.7
Interest on convertible bonds		
Wholly repayable within five years	418.2	408.9
Interest on fixed rate bonds		
Wholly repayable within five years	829.0	291.7
Not wholly repayable within five years	447.7	412.3
Interest on loans from non-controlling shareholders		
Not wholly repayable within five years	1.8	10.6
Total borrowing costs incurred	4,167.1	2,986.9
Capitalised as (note):		
Cost of properties under development	(2,157.4)	(1,507.8)
Cost of property, plant and equipment under construction and investment properties under development	(306.1)	(279.1)
	1,703.6	1,200.0

Note: To the extent funds are borrowed generally and used for the purpose of financing certain properties under development, property, plant and equipment under construction and investment properties under development, the capitalisation rate used to determine the amounts of borrowing costs eligible for the capitalisation is 4.2% (2012: 3.3%) for the year.

Notes to the Financial Statements

11 Taxation

	2013 HK\$m	2012 HK\$m
Current taxation		
Hong Kong profits tax	1,077.4	628.9
Mainland China and overseas taxation	2,041.4	1,398.2
Mainland China land appreciation tax	1,498.4	1,788.6
Deferred taxation (note 29)		
Valuation of investment properties	195.3	286.9
Other temporary differences	(17.7)	297.9
	4,794.8	4,400.5

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the year.

Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profit for the year at the rates of taxation prevailing in the countries in which the Group, jointly controlled entities and associated companies operate. These rates range from 9% to 25% (2012: 9% to 25%).

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2012: 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.

Share of results of jointly controlled entities and associated companies is stated after deducting the share of taxation of jointly controlled entities and associated companies of HK\$1,207.3 million and HK\$116.9 million (2012: HK\$735.3 million and HK\$81.4 million) respectively.

Notes to the Financial Statements

11 Taxation (continued)

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2013 HK\$m	2012 HK\$m
Profit before taxation and share of results of jointly controlled entities and associated companies	18,591.5	15,601.5
Calculated at a taxation rate of 16.5% (2012: 16.5%)	3,067.6	2,574.2
Effect of different taxation rates in other countries	783.9	668.1
Income not subject to taxation	(1,689.7)	(1,497.0)
Expenses not deductible for taxation purposes	1,083.9	879.8
Tax losses not recognised	302.9	233.8
Temporary differences not recognised	(21.6)	44.2
Tax exemption granted	(7.5)	(12.4)
Utilisation of previously unrecognised tax losses	(134.1)	(66.0)
Deferred taxation on undistributed profits	290.3	141.4
Recognition of previously unrecognised temporary differences	(14.1)	20.2
Under-provision in prior years	26.7	78.7
Land appreciation tax deductible for calculation of income tax purposes	(374.6)	(447.1)
Others	(17.3)	(6.0)
	3,296.4	2,611.9
Mainland China land appreciation tax	1,498.4	1,788.6
Taxation charge	4,794.8	4,400.5

12 Profit attributable to shareholders of the Company

Profit for the year attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of HK\$2,209.9 million (2012: HK\$1,886.8 million).

Notes to the Financial Statements

13 Dividends

	2013 HK\$m	2012 HK\$m
Interim dividend of HK\$0.12 (2012: HK\$0.10) per share	751.7	610.2
Final dividend proposed of HK\$0.30 (2012: HK\$0.28) per share	1,893.5	1,722.8
	2,645.2	2,333.0
Of which the following were settled by the issue of scrip:		
Interim dividend	551.1	433.0
Final dividend	#	1,185.9

Full amount had been set aside from retained profits for the 2013 proposed final dividend on the basis that all shareholders would elect to receive cash being the alternative to their entitlements to the scrip dividends.

At a meeting held on 26 September 2013, the Directors recommended a final dividend of HK\$0.30 per share. This proposed dividend was not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ending 30 June 2014.

14 Earnings per share

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

	2013 HK\$m	2012 HK\$m
Profit attributable to shareholders of the Company	14,148.7	10,139.0
Effect of dilutive potential ordinary shares in respect of convertible bonds issued by a subsidiary:		
Interest expense	349.2	329.1
Adjustment on the effect of dilution in the results of subsidiaries	(1.5)	(18.3)
Profit for calculating diluted earnings per share	14,496.4	10,449.8

	Number of shares (million)	
	2013	2012
Weighted average number of shares for calculating basic earnings per share	6,214.0	5,387.3
Effect of dilutive potential ordinary shares upon the conversion of convertible bonds	251.7	250.2
Effect of dilutive potential ordinary shares upon the exercise of share options	17.4	–
Weighted average number of shares for calculating diluted earnings per share	6,483.1	5,637.5

Diluted earnings per share for the year ended 30 June 2013 assumed the effect of exercise of share options outstanding during the year since their exercise would have a dilutive effect. This effect had not been assumed for the year ended 30 June 2012 as their exercise would have an anti-dilutive effect.

Notes to the Financial Statements

15 Staff costs

(a) Staff costs

	2013 HK\$m	2012 HK\$m
Wages, salaries and other benefits	4,350.6	3,870.1
Pension costs – defined benefit plans (note (b)(i))	2.7	0.5
Pension costs – defined contribution plans (note (b)(ii))	223.8	203.9
Share options (note (c))	145.8	131.6
	4,722.9	4,206.1

Staff costs include directors' remuneration.

(b) Retirement benefit costs

The Group operates various retirement benefit plans for its employees. The assets of the plans are administered by independent trustees and are maintained independently of the Group.

(i) Defined benefit plans

The Group's defined benefit plans are valued by independent qualified actuaries annually using the projected unit credit method. Defined benefit plans were valued by Towers Watson Hong Kong Limited.

The amounts recognised in the statement of financial position were as follows:

	2013 HK\$m	2012 HK\$m
Present value of defined benefit obligations	(93.2)	(96.2)
Fair value of plan assets	91.4	86.0
Unrecognised actuarial losses	18.5	23.0
Retirement benefit assets (note 30)	16.7	12.8

Notes to the Financial Statements

15 Staff costs (continued)

(b) Retirement benefit costs (continued)

(i) Defined benefit plans (continued)

The movements in the present value of the defined benefit obligations are as follows:

	2013 HK\$m	2012 HK\$m
At beginning of the year	96.2	75.1
Interest cost	1.4	2.1
Current service cost	4.4	3.6
Contribution by employees	1.0	0.9
Benefit paid	(7.0)	(3.0)
Net transfer in	–	7.2
Actuarial (gains)/losses	(2.8)	10.3
At end of the year	93.2	96.2

The movements in the fair value of plan assets are as follows:

	2013 HK\$m	2012 HK\$m
At beginning of the year	86.0	86.4
Expected return on plan assets	6.1	5.7
Contribution by employees	1.0	0.9
Contribution by the Group	4.5	–
Benefit paid	(7.0)	(3.0)
Net transfer in	–	7.8
Actuarial gains/(losses)	0.8	(11.8)
At end of the year	91.4	86.0

Net expenses recognised in the consolidated income statement, under administrative expenses, were as follows:

	2013 HK\$m	2012 HK\$m
Current service cost	4.4	3.6
Interest cost	1.4	2.1
Expected return on plan assets	(6.1)	(5.7)
Realised return on plan assets	1.5	–
Net actuarial losses recognised	1.5	0.5
Total included in staff costs	2.7	0.5

Notes to the Financial Statements

15 Staff costs (continued)

(b) Retirement benefit costs (continued)

(i) Defined benefit plans (continued)

The actual return on plan assets was a gain of HK\$6.9 million (2012: a loss of HK\$6.2 million).

	2013	2012
The principal actuarial assumptions used were as follows:		
Discount rate	1.7%-2.0%	1.0%
Expected rate of return on plan assets	7.5%	7.5%
Expected rate of future salary increases	4.0%	4.0%
Fair value of the plan assets are analysed as follows:		
Equity instruments	69.3%	71.5%
Debt instruments	25.9%	25.5%
Other assets	4.8%	3.0%

The fair value of the plan assets does not include amounts relating to any of the Company's own financial instruments and property occupied by, or other assets used by the Group.

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the end of the reporting period. Expected returns on equity investments reflect long-term real rates of return experienced in the market.

The Group does not expect to make contributions to its defined benefit plans for the year ending 30 June 2014.

	2013 HK\$m	2012 HK\$m	2011 HK\$m	2010 HK\$m	2009 HK\$m
Present value of defined benefit obligations	(93.2)	(96.2)	(75.1)	(71.0)	(98.4)
Fair value of plan assets	91.4	86.0	86.4	80.0	124.8
(Deficit)/surplus	(1.8)	(10.2)	11.3	9.0	26.4
Experience adjustments on defined benefit obligations	(3.7)	(1.0)	(1.2)	(0.3)	3.1
Experience adjustments on plan assets	0.5	(1.7)	0.7	1.0	(32.2)

The Company did not operate any defined benefit plans for its employees.

Notes to the Financial Statements

15 Staff costs (continued)

(b) Retirement benefit costs (continued)

(ii) Defined contribution plans

The Group operates a number of defined contribution retirement schemes in Hong Kong, namely the Occupational Retirement Schemes (“ORSO Schemes”) and the Mandatory Provident Fund Schemes (“MPF Schemes”). Contributions to the ORSO Schemes are based on a percentage of employees’ salaries ranging from 5.0% to 21.0%, depending upon the length of service of the employees. From 1 December 2000, newly joined employees are compulsorily required to join the MPF Schemes. The Group’s contributions to the MPF Schemes are ranging from 5.0% to 15.0% of employees’ salaries depending on the length of service of the employees.

The Group also contributes to employee pension schemes established by municipal government in respect of certain subsidiaries and joint ventures in the PRC. The municipal government undertakes to assume the retirement benefit obligations of all existing and future retired employees of the Group.

Contributions made by the Group to ORSO Schemes and MPF Schemes amounted to HK\$223.8 million (2012: HK\$203.9 million) during the year. No forfeited contributions were utilised during the year (2012: Nil), leaving HK\$0.8 million (2012: HK\$0.8 million) available at 30 June 2013 to reduce future contributions.

(c) Share options

During the year, the Company and its subsidiaries, New World China Land Limited (“NWCL”), NWS Holdings Limited (“NWSH”) and New World Department Store China Limited (“NWDS”) operate share option schemes whereby options may be granted to eligible employees and directors, to subscribe for shares of the Company, NWCL, NWSH and NWDS respectively.

Details of share options are as follows:

Grantor	Date of grant	Exercise price HK\$	At 1 July 2012	Granted	Adjusted	Exercised	Lapsed/cancelled	At 30 June 2013	Number of share options exercisable as at 30 June 2013	Note
The Company	19 March 2012 to 16 November 2012	9.756 to 11.979	106,514,035	9,400,000	137,862	(13,331,998)	(5,201,377)	97,518,522	40,734,524	(i)
	Weighted average exercise price of each category (HK\$)		9.769	11.996	9.956	9.896	9.768	9.953	9.842	
NWCL	14 June 2007 to 22 August 2011	1.290 to 6.939	45,459,673	-	-	(13,024,378)	(4,558,816)	27,876,479	17,447,970	(ii)
	Weighted average exercise price of each category (HK\$)		2.867	-	-	1.757	5.251	2.996	2.998	
	3 May 2012 to 25 June 2013	2.450 to 3.880	8,098,600	9,758,700	-	(779,920)	(184,000)	16,893,380	4,054,660	(ii)
	Weighted average exercise price of each category (HK\$)		2.450	3.564	-	2.501	2.979	3.085	2.950	
NWSH	21 August 2007 to 28 January 2008	10.609 to 13.490	14,255,753	-	-	(10,549,291)	(3,706,462)	-	-	(iii)
	Weighted average exercise price of each category (HK\$)		10.825	-	-	10.609	11.440	-	-	
NWDS	27 November 2007 to 25 March 2008	8.440 to 8.660	16,112,000	-	-	-	(2,284,000)	13,828,000	13,828,000	(iv)
	Weighted average exercise price of each category (HK\$)		8.625	-	-	-	8.615	8.627	8.627	

Notes to the Financial Statements

15 Staff costs (continued)

(c) Share options (continued)

Notes:

- (i) A share option scheme was adopted by the Company on 24 November 2006 and amended on 13 March 2012 which will be valid and effective for a period of ten years from the date of adoption. On 19 March 2012 and 16 November 2012, 107,300,000 and 9,400,000 share options were granted to Directors and certain eligible participants at the exercise price of HK\$9.770 and HK\$11.996 per share respectively.

The Company declared final dividend for the year ended 30 June 2012 and interim dividend for the six months ended 31 December 2012 in scrip form (with cash 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 granted on 19 March 2012 was adjusted from HK\$9.769 to HK\$9.764 on 31 December 2012, and further to HK\$9.756 on 22 May 2013. The exercise price per share of the share options granted on 16 November 2012 was adjusted from HK\$11.996 to HK\$11.989 on 31 December 2012, and further to HK\$11.979 on 22 May 2013.

The share options granted on 19 March 2012 were divided into 4 tranches and exercisable from 19 March 2012, 19 March 2013, 19 March 2014 and 19 March 2015 respectively to 18 March 2016.

The share options granted on 16 November 2012 were divided into 4 tranches and exercisable from 16 November 2012, 16 November 2013, 16 November 2014 and 16 November 2015 respectively to 15 November 2016.

The fair value of the share options granted during the year is estimated at HK\$3.082 (2012: HK\$2.92) per share using the Binomial pricing model. Value is estimated based on the risk-free rate at 0.199% (2012: 0.53%) per annum with reference to the market yield rates of the Hong Kong Government Bond (maturing 6 December 2016) as of the value date, a historical volatility of 42.86% (2012: 48.52%) calculated based on the historical price with period equals to the life of the options, assuming dividend yield of 3.05% (2012: 2.62%) based on the average dividend yield in the past five years and an expected option life of four years.

- (ii) On dates of grant, the share options are divided into 4 to 5 tranches and exercisable within a period of 4 to 5 years respectively commencing on the expiry of one month after the dates on which the options were accepted.

The fair value of options granted during the year determined using the Binomial pricing model was HK\$13.2 million (2012: HK\$9.2 million). The significant inputs to the model was share price ranging from HK\$2.70 to HK\$3.88 (2012: HK\$2.45 to HK\$2.81) at the grant dates, exercise prices ranging from HK\$2.76 to HK\$3.88 (2012: HK\$2.45 to HK\$2.81), volatility of the share ranging from 52.93% to 54.70% (2012: 52.49% to 54.97%), expected life of options of 5 years (2012: 5 years), expected dividend yield ranging from 2.03% to 2.63% (2012: 1.91% to 2.57%), risk-free interest rate ranging from 0.34% to 1.27% (2012: 0.49% to 1.23%) per annum and suboptimal exercise factor ranging from 1.88 to 1.93 times (2012: 1.87 to 1.89 times) of the exercise prices (which accounts for the early exercise behaviour of the option holders). The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of NWCL over the past 5 years.

- (iii) All unexercised share options were lapsed on 21 August 2012.
- (iv) All the outstanding share options are divided into 5 tranches and exercisable during a period of 5 years commencing 1 year after the date of grant when the offer of options were accepted.
- (v) The Binomial pricing model requires input of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

Notes to the Financial Statements

16 Emoluments of directors and five highest paid individuals

(a) Directors' emoluments

Name of Directors	Fees	Salaries and allowances	Bonus	Retirement schemes contributions	Value of share options	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Year ended 30 June 2013						
Dr. Cheng Kar-Shun, Henry	1.4	34.2	2.9	1.1	7.8	47.4
Mr. Liang Chong-Hou, David	0.1	–	–	–	0.4	0.5
Mr. Yeung Ping-Leung, Howard	0.3	–	–	–	0.4	0.7
Dr. Cha Mou-Sing, Payson	0.3	–	–	–	0.4	0.7
Mr. Cheng Kar-Shing, Peter	0.4	4.1	1.0	0.4	2.7	8.6
Mr. Ho Hau-Hay, Hamilton	0.3	–	–	–	0.4	0.7
Mr. Lee Luen-Wai, John	0.6	–	–	–	0.4	1.0
Mr. Liang Cheung-Biu, Thomas	0.3	–	–	–	0.4	0.7
Mr. Cheng Chi-Kong, Adrian	0.5	7.5	2.5	0.5	2.9	13.9
Ms. Ki Man-Fung, Leonie	0.2	4.2	–	0.4	2.2	7.0
Mr. Cheng Chi-Heng	0.2	1.3	0.3	–	0.4	2.2
Mr. Chen Guanzhan	0.2	3.8	0.9	0.2	2.6	7.7
Ms. Cheng Chi-Man, Sonia	0.4	7.1	0.8	0.3	2.2	10.8
Total	5.2	62.2	8.4	2.9	23.2	101.9
Year ended 30 June 2012						
Dato' Dr. Cheng Yu-Tung	0.2	–	–	–	–	0.2
Dr. Cheng Kar-Shun, Henry	0.8	32.4	2.6	0.9	8.4	45.1
Dr. Sin Wai-Kin, David	0.1	–	–	–	0.4	0.5
Mr. Liang Chong-Hou, David	0.2	–	–	–	0.4	0.6
Mr. Yeung Ping-Leung, Howard	0.3	–	–	–	0.4	0.7
Dr. Cha Mou-Sing, Payson	0.3	–	–	–	0.4	0.7
Mr. Cheng Kar-Shing, Peter	0.4	3.8	0.8	0.4	0.7	6.1
Mr. Leung Chi-Kin, Stewart	0.2	–	–	–	0.1	0.3
Mr. Chow Kwai-Cheung	0.2	–	–	–	0.4	0.6
Mr. Ho Hau-Hay, Hamilton	0.3	–	–	–	0.4	0.7
Mr. Lee Luen-Wai, John	0.5	–	–	–	0.5	1.0
Mr. Liang Cheung-Biu, Thomas	0.2	–	–	–	0.4	0.6
Mr. Cheng Chi-Kong, Adrian	0.5	5.7	1.1	0.4	3.3	11.0
Ms. Ki Man-Fung, Leonie	0.2	3.8	1.9	0.4	2.1	8.4
Mr. Cheng Chi-Heng	0.2	0.4	–	–	0.4	1.0
Mr. Chen Guanzhan	0.1	3.1	0.6	0.2	2.5	6.5
Ms. Cheng Chi-Man, Sonia	0.2	6.2	0.6	0.3	2.2	9.5
Total	4.9	55.4	7.6	2.6	23.0	93.5

Notes to the Financial Statements

16 Emoluments of directors and five highest paid individuals (continued)

(a) Directors' emoluments (continued)

Fees paid to independent non-executive directors amounted to HK\$1.8 million (2012: HK\$1.6 million). Other than share options granted to independent non-executive directors, there were no other emoluments paid to independent non-executive directors.

The value of the share options granted to the directors of the Company and the senior management under the share option schemes of the Company and its subsidiaries represents the fair value of these options charged to the consolidated income statement for the year in accordance with HKFRS 2.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 3 directors (2012: 3 directors) whose emoluments are reflected above. The emoluments payable to the remaining 2 (2012: 2) individuals during the year are as follows:

	2013 HK\$m	2012 HK\$m
Salaries and other emoluments	16.4	17.6
Contributions to retirement benefit schemes	1.2	0.8
Share options	3.7	1.9
	21.3	20.3

The emoluments of the individuals fell within the following bands:

	2013 Number of individuals	2012
Emolument band (HK\$)		
9,000,001–9,500,000	–	1
9,500,001–10,000,000	1	–
10,500,001–11,000,000	–	1
11,500,001–12,000,000	1	–
	2	2

During the year, the Group did not pay the directors or the five highest paid individuals any inducement to join the Group, nor any compensation for loss of office. No director waived or agreed to waive any emoluments during the year.

Notes to the Financial Statements

16 Emoluments of directors and five highest paid individuals (continued)

(c) Emoluments of senior management

Other than the emoluments of directors and five highest paid individuals disclosed in note 16(a) and 16(b), the emoluments of the senior management whose profiles are included in Directors Profile/Senior Management Profile sections of this report fell within the following bands:

	2013 Number of individuals	2012
Emolument band (HK\$)		
5,000,001–5,500,000	–	1
5,500,001–6,000,000	1	–
7,000,001–7,500,000	–	2
7,500,001–8,000,000	1	–
8,000,001–8,500,000	1	–
	3	3

17 Investment properties

	Group		Company	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
Completed investment properties	50,142.8	43,789.2	–	–
Investment properties under development	21,548.4	16,963.0	92.0	74.0
	71,691.2	60,752.2	92.0	74.0
The movements of investment properties during the year are as follows:				
At beginning of the year	60,752.2	53,265.0	74.0	70.0
Translation differences	700.2	154.7	–	–
Acquisition of a subsidiary	384.1	1,792.6	–	–
Disposal of subsidiaries	–	(1,123.3)	–	–
Additions	2,188.4	961.8	0.7	0.1
Transfer from/(to) property, plant and equipment and land use rights	303.4	(73.9)	–	–
Transfer from properties under development/ held for sale	759.7	1,138.8	–	–
Disposals	(64.6)	(266.2)	–	–
Changes in fair value	7,460.8	4,902.7	17.3	3.9
Reclassified as assets held for sale	(793.0)	–	–	–
At end of the year	71,691.2	60,752.2	92.0	74.0

Notes to the Financial Statements

17 Investment properties (continued)

The investment properties were revalued at 30 June 2013 by independent, professionally qualified valuers, Jones Lang LaSalle Sallmanns Limited, Savills Valuation and Professional Services Limited, and Knight Frank Petty Limited. Valuations were based on market value assessment and the income approach as stated in note 5(b).

At 30 June 2013, the aggregate fair value of investment properties pledged as securities for the Group's borrowings amounted to HK\$31,543.8 million (2012: HK\$27,712.8 million) (note 41).

The Group's interests in investment properties at their carrying values are analysed as follows:

	2013 HK\$m	2012 HK\$m
In Hong Kong		
Leases of over 50 years	17,276.4	15,952.4
Leases of between 10 to 50 years	32,337.3	25,956.2
Leases of less than 10 years	72.0	28.0
Outside Hong Kong		
Leases of over 50 years	1,006.5	892.3
Leases of between 10 to 50 years	20,999.0	17,923.3
	71,691.2	60,752.2

The Company's interests in investment properties are held on leases of over 50 years in Hong Kong.

Notes to the Financial Statements

18 Property, plant and equipment

	Group						Company
	Leasehold land	Buildings	Telecom- munication equipment and systems	Others (note (a))	Assets under construction	Total	
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Cost							
At 1 July 2012	2,964.1	6,019.2	3,168.2	7,351.9	2,523.8	22,027.2	3.3
Translation differences	-	154.3	-	148.4	37.9	340.6	-
Acquisition of subsidiaries	-	59.9	-	5.6	-	65.5	-
Additions	-	73.2	110.8	635.2	3,023.4	3,842.6	-
Transfer between property, plant and equipment and investment properties	(7.2)	(134.9)	-	(25.0)	-	(167.1)	-
Transfer from properties under development	-	329.3	-	-	-	329.3	-
Transfer from properties for development	-	5.4	-	-	-	5.4	-
Transfer upon completion	-	1,298.5	-	7.2	(1,305.7)	-	-
Disposals	-	(204.5)	(0.5)	(687.3)	(24.9)	(917.2)	-
At 30 June 2013	2,956.9	7,600.4	3,278.5	7,436.0	4,254.5	25,526.3	3.3
Accumulated depreciation and impairment							
At 1 July 2012	425.3	2,042.9	2,747.6	4,535.6	-	9,751.4	3.3
Translation differences	-	33.2	-	87.8	-	121.0	-
Transfer between property, plant and equipment and investment properties	(2.5)	(22.9)	-	(3.0)	-	(28.4)	-
Depreciation	60.8	275.2	35.4	625.9	-	997.3	-
Impairment	-	105.3	-	-	-	105.3	-
Disposals	-	(132.4)	(0.1)	(610.7)	-	(743.2)	-
At 30 June 2013	483.6	2,301.3	2,782.9	4,635.6	-	10,203.4	3.3
Net book value (note (b))							
At 30 June 2013	2,473.3	5,299.1	495.6	2,800.4	4,254.5	15,322.9	-

Notes to the Financial Statements

18 Property, plant and equipment (continued)

	Group						Company
	Leasehold land	Buildings	Telecom- munication equipment and systems	Others (note (a))	Assets under construction	Total	
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Cost							
At 1 July 2011	2,964.8	5,946.2	3,048.4	6,640.1	713.5	19,313.0	3.8
Translation differences	–	83.4	–	37.8	3.4	124.6	–
Acquisition of subsidiaries	–	–	–	83.2	–	83.2	–
Additions	–	14.2	119.8	760.4	1,152.5	2,046.9	–
Transfer between property, plant and equipment and investment properties	–	56.3	–	3.0	–	59.3	–
Transfer from property held for sale	–	4.6	–	–	–	4.6	–
Transfer (to)/from properties under development	–	(10.3)	–	–	655.7	645.4	–
Disposals	(0.7)	(75.2)	–	(173.9)	–	(249.8)	(0.5)
Reclassification	–	–	–	1.3	(1.3)	–	–
At 30 June 2012	2,964.1	6,019.2	3,168.2	7,351.9	2,523.8	22,027.2	3.3
Accumulated depreciation and impairment							
At 1 July 2011	411.5	1,815.9	2,655.4	4,057.1	–	8,939.9	3.3
Translation differences	–	13.3	–	18.3	–	31.6	–
Transfer between property, plant and equipment and investment properties	–	(2.8)	–	(2.0)	–	(4.8)	–
Depreciation	13.8	246.4	32.2	592.0	–	884.4	–
Impairment	–	–	60.0	–	–	60.0	–
Disposals	–	(27.8)	–	(129.8)	–	(157.6)	–
Transfer to properties under development	–	(2.1)	–	–	–	(2.1)	–
At 30 June 2012	425.3	2,042.9	2,747.6	4,535.6	–	9,751.4	3.3
Net book value (note (b))							
At 30 June 2012	2,538.8	3,976.3	420.6	2,816.3	2,523.8	12,275.8	–

Notes:

- (a) Others mainly represented leasehold improvements for department stores, plant and machinery, motor vehicles, furniture and fixtures, office equipment and computer.
- (b) At 30 June 2013, the aggregate net book value of property, plant and equipment pledged as securities for the Group's borrowings amounted to HK\$2,581.4 million (2012: HK\$2,539.9 million) (note 41).

Notes to the Financial Statements

18 Property, plant and equipment (continued)

The carrying value of leasehold land is analysed as follows:

	Group	
	2013 HK\$m	2012 HK\$m
In Hong Kong		
Leases of over 50 years	176.5	617.4
Leases of between 10 to 50 years	2,294.2	1,918.8
Outside Hong Kong		
Leases of over 50 years	2.6	2.6
	2,473.3	2,538.8

19 Land use rights

	Group	
	2013 HK\$m	2012 HK\$m
At beginning of the year	2,363.6	2,407.1
Translation differences	100.8	33.2
Additions	–	0.3
Transfer to properties under development	–	(7.2)
Transfer (to)/from investment properties	(68.4)	22.5
Disposals	(85.9)	–
Amortisation	(90.4)	(92.3)
Impairment	(12.9)	–
At end of the year	2,206.8	2,363.6

	Group	
	2013 HK\$m	2012 HK\$m
In Hong Kong		
Leases of between 10 to 50 years	109.1	112.3
Outside Hong Kong		
Leases of over 50 years	2.3	2.2
Leases of between 10 to 50 years	2,095.4	2,249.1
	2,206.8	2,363.6

Interests in land use rights represent prepaid operating lease payments.

As at 30 June 2013, the aggregate net book value of land use rights pledged as securities for the Group's borrowings amounted to HK\$317.9 million (2012: HK\$319.2 million) (note 41).

Notes to the Financial Statements

20 Intangible concession rights

	Group	
	2013 HK\$m	2012 HK\$m
Cost		
At beginning of the year	18,227.9	1,785.8
Translation differences	752.6	243.5
Acquisition of a subsidiary	–	16,197.7
Additions	0.7	0.9
At end of the year	18,981.2	18,227.9
Accumulated amortisation and impairment		
At beginning of the year	1,605.4	1,022.3
Translation differences	125.5	35.0
Amortisation	708.9	548.1
At end of the year	2,439.8	1,605.4
Net book value		
At end of the year	16,541.4	16,622.5

As at 30 June 2013, the aggregate net book value of concession rights pledged as securities of the Group's borrowings amounted to HK\$15,868.6 million (2012: HK\$16,197.7 million) (note 41).

Notes to the Financial Statements

21 Intangible assets

	Group						
	Goodwill	Trademarks	Hotel management contracts	Process, technology and know-how	Customer relationships	Operating right	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Cost							
At 1 July 2012	2,305.5	614.9	428.1	38.9	544.8	567.2	4,499.4
Translation differences	34.6	-	-	-	-	-	34.6
Acquisition of a subsidiary	-	-	-	-	-	67.6	67.6
At 30 June 2013	2,340.1	614.9	428.1	38.9	544.8	634.8	4,601.6
Accumulated amortisation and impairment							
At 1 July 2012	228.9	-	19.6	3.6	25.0	101.4	378.5
Amortisation	-	-	21.4	3.9	27.2	31.3	83.8
At 30 June 2013	228.9	-	41.0	7.5	52.2	132.7	462.3
Net book value							
At 30 June 2013	2,111.2	614.9	387.1	31.4	492.6	502.1	4,139.3
Cost							
At 1 July 2011	1,486.6	-	-	-	-	567.2	2,053.8
Translation differences	2.4	-	-	-	-	-	2.4
Acquisition of subsidiaries	816.5	614.9	428.1	38.9	544.8	-	2,443.2
At 30 June 2012	2,305.5	614.9	428.1	38.9	544.8	567.2	4,499.4
Accumulated amortisation and impairment							
At 1 July 2011	228.9	-	-	-	-	70.2	299.1
Amortisation	-	-	19.6	3.6	25.0	31.2	79.4
At 30 June 2012	228.9	-	19.6	3.6	25.0	101.4	378.5
Net book value							
At 30 June 2012	2,076.6	614.9	408.5	35.3	519.8	465.8	4,120.9

Notes to the Financial Statements

21 Intangible assets (continued)

Impairment test for goodwill

An operating segment level summary of the goodwill allocation is presented below:

	2013				2012			
	Hong Kong	Mainland China	Others	Total	Hong Kong	Mainland China	Others	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Property development	-	14.2	-	14.2	-	14.2	-	14.2
Property investment	-	280.3	-	280.3	-	269.0	-	269.0
Service and infrastructure	849.3	-	-	849.3	849.3	-	-	849.3
Hotel operations	-	9.2	323.2	332.4	-	9.2	323.2	332.4
Department stores	-	635.0	-	635.0	-	611.7	-	611.7
	849.3	938.7	323.2	2,111.2	849.3	904.1	323.2	2,076.6

Goodwill is allocated to the Group's cash generating units identified according to country of operation and business segment.

For the purpose of impairment test, the recoverable amount of the business unit is determined based on either fair value less costs to sell or value-in-use calculations whichever is higher. The key assumptions adopted on growth rates and discount rates used in the value-in-use calculations are based on management best estimates and past experience.

For the segments of property development and property investment, growth rates 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 segment, which ranged from 9.2% to 16.2% (2012: 6.0% to 14.8%).

For the segment of service and infrastructure, growth rates ranging from 0% to 2% (2012: 0% to 2%) are determined by considering both internal and external factors relating to the relevant segment. Discount rates used also reflect specific risks relating to the relevant segment, which was 5.3% (2012: 4.3%).

The segment of hotel operations includes hotel operations and hotel management services. The growth rates of hotel operations range from 3% to 4% (2012: 7% to 10%) are determined by considering both internal and external factors relating to the relevant segment. Discount rates used also reflect specific risks relating to the relevant segment, which ranged from 6.5% to 7.5% (2012: 6.5% to 7.5%). For hotel management services, a financial budget of six-year with average annual growth rate of 31% (2012: 31%) are determined by considering both internal and external factors relating to this segment and the hotel management contracts in the pipeline. A financial budget of six years reflects the medium term plan of management in expanding the business in the existing and new markets. Cash flows beyond the six-year period are extrapolated using the long term growth rates of 3% (2012: 3%). Discount rates used also reflect specific risks relating to the relevant segment, which was 19.1% (2012: 16.5%).

For the segment of department stores, growth rates ranging from 2% to 5% (2012: 2% to 5%) are determined by considering both internal and external factors relating to the relevant segment. Discount rates used also reflect specific risks relating to the relevant segment, which was 16.2% (2012: 14.8%).

Notes to the Financial Statements

22 Subsidiaries

	Company	
	2013 HK\$m	2012 HK\$m
Unlisted shares, at cost less provision	1,874.3	1,799.8
Listed shares in Hong Kong, at cost	34,453.0	33,872.0
Amounts receivable less provision		
Non-interest bearing (note (a))	56,793.7	49,298.0
	93,121.0	84,969.8
Less: amounts receivable from subsidiaries less provision included in current assets	(50,980.7)	(44,727.6)
	42,140.3	40,242.2
Amounts payable to subsidiaries		
Interest bearing (note (b))	(18,673.4)	(13,125.4)
Non-interest bearing (note (a))	(14,338.0)	(13,492.9)
	(33,011.4)	(26,618.3)
Market value of listed shares	39,855.3	39,511.6

Notes:

- (a) The amounts receivable and payable are unsecured, interest free, have no fixed repayment terms, and their carrying amounts are not materially different from their fair values.
- (b) The amounts payable are unsecured, carry interest rate of 2.0% over Hong Kong Interbank Offered Rates ("HIBOR") (2012: 1.5% under Hong Kong Dollar Prime Rate) per annum, have no fixed repayment terms, and their carrying amounts are not materially different from their fair values.
- (c) Details of principal subsidiaries are stated in note 50.

Notes to the Financial Statements

23 Interests in jointly controlled entities

	Group		Company	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
Equity joint ventures				
Group's share of net assets	3,580.1	4,216.0	-	-
Goodwill on acquisition	2.2	2.2	-	-
Amounts receivable less provision (note (a))	1,178.6	131.2	-	-
	4,760.9	4,349.4	-	-
Wholly foreign owned enterprises				
Group's share of net assets	2,208.9	1,738.9	-	-
Amounts receivable less provision (note (a))	190.4	203.9	-	-
	2,399.3	1,942.8	-	-
Co-operative joint ventures				
Cost of investment less provision	7,012.3	6,536.5	-	-
Share of undistributed post-acquisition results	2,829.8	2,549.8	-	-
Amounts receivable less provision (note (a))	3,418.3	4,085.8	-	-
	13,260.4	13,172.1	-	-
Companies limited by shares				
Group's share of net assets	11,812.9	11,835.3	-	-
Goodwill on acquisition	1,541.7	1,554.9	-	-
Amounts receivable less provision (note (a))	9,480.7	7,921.6	955.2	918.3
	22,835.3	21,311.8	955.2	918.3
	43,255.9	40,776.1	955.2	918.3

Notes to the Financial Statements

23 Interests in jointly controlled entities (continued)

Notes:

- (a) Amounts receivable less provisions are analysed as follows:

	Group	
	2013 HK\$m	2012 HK\$m
Interest bearing		
Fixed rates (note (i))	484.0	312.5
Floating rates (note (ii))	4,677.2	4,651.5
Non-interest bearing (note (iii))	9,106.8	7,378.5
	14,268.0	12,342.5

- (i) Carry interest rates ranging from 8.5% to 10.0% (2012: 8.5% to 10.0%) per annum.
- (ii) Carry interest rates ranging from 0.875% over HIBOR to People's Bank of China two-year benchmark lending rate with 15% premium (2012: 0.875% over HIBOR to People's Bank of China two-year benchmark lending rate with 15% premium) per annum.
- (iii) The amounts include HK\$955.2 million (2012: HK\$918.3 million) due to the Company.

The repayment terms of the interest bearing receivables are specified in the relevant joint venture agreements and their carrying amounts are not materially different from their fair values. These amounts are unsecured.

- (b) The Group's share of revenues, results, assets and liabilities of jointly controlled entities are as follows:

	2013 HK\$m	2012 HK\$m
For the year ended 30 June		
Revenues	14,442.1	15,966.9
Profit after taxation	3,399.3	1,962.7
	2013 HK\$m	2012 HK\$m
As at 30 June		
Non-current assets	44,082.4	40,083.5
Current assets	22,801.7	23,859.1
Non-current liabilities	(20,997.2)	(20,319.9)
Current liabilities	(18,442.9)	(16,746.2)
Net assets	27,444.0	26,876.5

- (c) Details of principal jointly controlled entities are stated in note 51.

Notes to the Financial Statements

24 Interests in associated companies

	Group		Company	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
Group's share of net assets				
Listed shares in Hong Kong	5,099.2	4,789.5	–	–
Unlisted shares	7,716.9	7,475.7	2.1	–
	12,816.1	12,265.2	2.1	–
Goodwill	1,372.5	1,351.1	–	–
Amounts receivable less provision (note (a))	2,625.2	1,595.4	70.8	34.0
	16,813.8	15,211.7	72.9	34.0
Market value of listed shares (note (b))	2,039.8	1,205.4	–	–

Notes:

(a) Amounts receivable less provision are analysed as follows:

	Group	
	2013 HK\$m	2012 HK\$m
Interest bearing		
Fixed rate (note (i))	795.7	104.7
Floating rate (note (ii))	221.1	324.6
Non-interest bearing (note (iii))	1,608.4	1,166.1
	2,625.2	1,595.4

(i) Carry interest rate ranging from 1.84% to 8.0% (2012: 8.0%) per annum.

(ii) Carry interest rate of 0.58% over HIBOR (2012: 0.58% over HIBOR) per annum.

(iii) The amounts include HK\$70.8 million (2012: HK\$34.0 million) due to the Company.

The interest bearing receivables were unsecured and not repayable within 12 months. Their carrying amounts were not materially different from their fair values.

(b) The market value of the Group's listed associated companies in Hong Kong amounts to HK\$2,039.8 million (2012: HK\$1,205.4 million). Management regularly reviews whether there are any indications of impairments of the Group's investments in associated companies based on value-in-use calculations, as detailed in note 5(d). Management is of the view that there is no impairment of Group's investments in associated companies as at 30 June 2013.

Notes to the Financial Statements

24 Interests in associated companies (continued)

Notes: (continued)

(c) The Group's share of revenues, results, assets and liabilities of associated companies are as follows:

	2013 HK\$m	2012 HK\$m
For the year ended 30 June		
Revenues	4,646.4	4,151.0
Profit after taxation	1,320.4	1,157.4
As at 30 June		
Non-current assets	13,580.4	12,447.0
Current assets	5,497.0	5,007.3
Non-current liabilities	(2,387.6)	(2,046.6)
Current liabilities	(3,873.7)	(3,142.5)
Net assets	12,816.1	12,265.2

(d) Details of principal associated companies are stated in note 52.

25 Available-for-sale financial assets

	Group		Company	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
Non-current				
Equity securities				
Unlisted shares and investments, at fair value	3,033.4	2,803.8	14.9	23.1
Listed shares, at market value				
Hong Kong	695.7	635.2	–	–
Overseas	666.2	1,031.7	–	–
	4,395.3	4,470.7	14.9	23.1
Current				
Debt securities				
Unlisted convertible redeemable preference shares, at fair value	583.5	583.5	–	–
	4,978.8	5,054.2	14.9	23.1

The maximum exposure to credit risk at the end of the reporting period is the carrying value of the debt securities.

Notes to the Financial Statements

25 Available-for-sale financial assets (continued)

The fair value of unlisted securities are based on cash flows discounted using a rate based on the market interest rates and the risk premium specific to the unlisted securities.

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

	Group		Company	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
Hong Kong dollar	2,709.9	2,551.9	0.3	0.3
United States dollar	1,445.9	1,303.6	–	–
Renminbi	772.0	982.3	14.6	22.8
Japanese yen	35.5	195.5	–	–
Others	15.5	20.9	–	–
	4,978.8	5,054.2	14.9	23.1

26 Held-to-maturity investments

	Group	
	2013 HK\$m	2012 HK\$m
Debt securities		
Unlisted debentures	39.9	38.5

Notes to the Financial Statements

27 Derivative financial instruments

	Group	
	2013 HK\$m	2012 HK\$m
Non-current assets		
Foreign exchange and interest rate swaps	21.9	–
Others	39.5	–
	61.4	–
Current assets		
Others	19.3	452.2
	80.7	452.2
Non-current liabilities		
Foreign exchange and interest rate swaps	(928.6)	(1,411.7)
Current liabilities		
Others	–	(533.8)
	(928.6)	(1,945.5)

The total notional principal amounts of the outstanding derivative financial instruments as at 30 June 2013 was HK\$11,727.8 million (2012: HK\$12,479.5 million).

28 Properties for development

The carrying value of properties for development is analysed as follows:

	Group	
	2013 HK\$m	2012 HK\$m
In Hong Kong		
Leases of over 50 years	2,722.9	1,810.1
Leases of between 10 to 50 years	7,466.6	3,228.6
Outside Hong Kong		
Leases of over 50 years	13,206.7	12,244.2
Leases of between 10 to 50 years	4,223.9	3,646.8
	27,620.1	20,929.7

At 30 June 2013, the aggregate carrying value of properties for development pledged as securities for the Group's borrowings amounted to HK\$813.7 million (2012: HK\$771.4 million) (note 41).

Notes to the Financial Statements

29 Deferred taxation

Deferred income tax assets and liabilities are offset when taxes relate to the same taxation authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the statement of financial position.

	Group		Company	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
Deferred tax assets	814.2	695.8	55.4	55.4
Deferred tax liabilities	(8,387.2)	(7,685.7)	–	–
	(7,573.0)	(6,989.9)	55.4	55.4
At beginning of the year	(6,989.9)	(3,927.0)	55.4	28.6
Translation differences	(239.9)	(52.1)	–	–
Acquisition of subsidiaries	–	(2,483.2)	–	–
Disposal of subsidiaries	–	1.1	–	–
(Charged)/credited to consolidated income statement (note 11)	(177.6)	(584.8)	–	26.8
(Charged)/credited to reserves	(165.6)	56.1	–	–
At end of the year	(7,573.0)	(6,989.9)	55.4	55.4

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

Group

Deferred tax assets

	Provisions		Accelerated accounting depreciation		Tax losses		Unrealised intra-group profit		Other items		Total	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
At beginning of the year	24.9	24.5	11.9	27.3	499.4	534.7	223.9	210.6	235.8	131.0	995.9	928.1
Translation differences	0.9	0.3	–	–	8.9	1.7	–	–	9.0	2.4	18.8	4.4
Acquisition of subsidiaries	–	–	–	–	–	74.3	–	–	–	105.1	–	179.4
Disposal of subsidiaries	–	–	–	–	–	(1.3)	–	–	–	–	–	(1.3)
Credited/(charged) to consolidated income statement	2.3	0.1	0.1	(15.4)	39.5	(110.0)	41.7	13.3	8.5	(2.7)	92.1	(114.7)
At end of the year	28.1	24.9	12.0	11.9	547.8	499.4	265.6	223.9	253.3	235.8	1,106.8	995.9

Notes to the Financial Statements

29 Deferred taxation (continued)

Group (continued)

Deferred tax liabilities

	Accelerated tax depreciation		Valuation of properties		Income from sale of properties		Fair value adjustments of properties on acquisitions		Amortisation of intangible concession rights		Undistributed profits of subsidiaries, jointly controlled entities & associated companies		Other items		Total	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
At beginning of the year	(2,576.1)	(2,024.1)	(985.6)	(689.6)	(8.0)	(8.2)	(1,467.4)	(1,519.3)	(2,350.2)	(82.0)	(459.3)	(350.8)	(139.2)	(181.1)	(7,985.8)	(4,855.1)
Translation differences	(26.8)	(6.7)	(81.6)	(6.3)	(0.3)	(0.1)	(40.7)	(14.6)	(87.7)	(29.6)	(19.2)	1.6	(2.4)	(0.8)	(258.7)	(56.5)
Acquisition of subsidiaries	-	(292.5)	-	-	-	-	-	-	-	(2,278.4)	-	(89.8)	-	(1.9)	-	(2,662.6)
Disposal of subsidiaries	-	2.0	-	0.4	-	-	-	-	-	-	-	-	-	-	-	2.4
(Charged)/credited to consolidated income statement	(32.7)	(254.8)	(195.3)	(286.9)	(0.2)	0.3	70.5	66.5	59.1	39.8	(164.8)	(20.3)	(6.3)	(14.7)	(269.7)	(470.1)
(Charged)/credited to reserves	-	-	(24.1)	(3.2)	-	-	-	-	-	-	-	-	(141.5)	59.3	(165.6)	56.1
At end of the year	(2,635.6)	(2,576.1)	(1,286.6)	(985.6)	(8.5)	(8.0)	(1,437.6)	(1,467.4)	(2,378.8)	(2,350.2)	(643.3)	(459.3)	(289.4)	(139.2)	(8,679.8)	(7,985.8)

Deferred tax assets of the Company amounting to HK\$55.4 million (2012: HK\$55.4 million) are arising from tax losses.

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK\$13,090.3 million (2012: HK\$11,957.1 million) to carry forward for offsetting against future taxable income. These tax losses have no expiry dates except for the tax losses of HK\$1,880.0 million (2012: HK\$1,195.1 million) which will expire at various dates up to and including 2018 (2012: 2017).

For the investment properties that are located outside Hong Kong, they are held by certain subsidiaries with a business model to consume substantially all the economic benefits embodied in the investment properties over time, rather than through sale, the presumption is rebutted and related deferred tax continues to be determined based on recovery of use. For the remaining investment properties, the tax consequence is on the presumption that they are recovered entirely by sale.

As at 30 June 2013, the aggregate amount of temporary differences associated with investments in subsidiaries and jointly controlled entities for which deferred tax liabilities have not been recognised totalled approximately HK\$5.2 billion (2012: HK\$3.9 billion), as the directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not be reversed in the foreseeable future.

30 Other non-current assets

	Group	
	2013 HK\$m	2012 HK\$m
Retirement benefit assets (note 15(b)(i))	16.7	12.8
Long-term receivables (note (a))	112.6	81.7
Long-term prepayments and deposits	1,472.6	1,314.1
Prepayment for acquisition of a subsidiary (note (b))	1,267.7	-
Restricted bank deposits (note 36)	2.4	2.9
	2,872.0	1,411.5

Notes to the Financial Statements

30 Other non-current assets (continued)

Notes:

(a) Long-term receivables

	Group	
	2013 HK\$m	2012 HK\$m
Accounts receivable, net of provision	52.3	52.3
Other loans	66.5	33.4
	118.8	85.7
Amounts receivable within one year included in debtors and prepayments	(6.2)	(4.0)
	112.6	81.7

(b) On 27 May 2013, New World Department Stores Investment (China) Co., Ltd., a wholly-owned subsidiary of NWDS, entered into an agreement with independent third parties to acquire the entire equity interest in Shanghai Hongxin Properties Company Limited ("Hongxin Co"), a limited liability company incorporated in the PRC, for a gross consideration of RMB1,250.0 million (subject to further adjustments). As at 30 June 2013, NWDS has made payment of approximately HK\$1,217.1 million and recognised progress payable of approximately HK\$50.6 million in connection with such acquisition.

(c) Included in the other non-current assets, there are deposits and loan totalling approximately HK\$2,160.0 million made by NWTMT, a wholly owned subsidiary, to a company established in the PRC ("PRC Entity") in 2002 in connection with the proposed investment of up to 70.0% interest in a fibre optic backbone network in the PRC.

In June 2004, NWTMT requested to withdraw from the proposed investment and demanded for repayment, however, there is no repayment of the amounts owed to NWTMT.

The directors have taken into consideration the uncertainties in recovering the amounts owed to NWTMT and have concluded that a full provision of HK\$2,160.0 million made in previous year against the deposits and loan made to the PRC Entity remains most appropriate for the purpose of the financial statements for the year ended 30 June 2013.

31 Properties under development

The carrying value of properties under development is analysed as follows:

	Group	
	2013 HK\$m	2012 HK\$m
In Hong Kong		
Leases of over 50 years	8,914.0	5,285.5
Leases of between 10 to 50 years	16,131.1	21,299.0
Outside Hong Kong		
Freehold	239.3	130.1
Leases of over 50 years	11,842.9	12,912.8
Leases of between 10 to 50 years	8,761.0	5,132.7
	45,888.3	44,760.1

Notes to the Financial Statements

31 Properties under development (continued)

At 30 June 2013, the aggregate carrying value of properties under development pledged as securities for the Group's borrowings amounted to HK\$17,482.5 million (2012: HK\$23,480.6 million) (note 41).

	Group	
	2013 HK\$m	2012 HK\$m
Properties under development		
Expected to be completed and available for sale after more than 12 months	29,013.3	34,619.8
Expected to be completed and available for sale within 12 months	16,875.0	10,140.3
	45,888.3	44,760.1

32 Properties held for sale

The carrying value of properties held for sale is analysed as follows:

	Group		Company	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
In Hong Kong				
Leases of over 50 years	9.2	1,560.6	–	–
Leases of between 10 to 50 years	8,918.5	6,156.3	1,541.2	1,689.4
Outside Hong Kong				
Leases of over 50 years	5,936.0	4,252.3	–	–
Leases of between 10 to 50 years	1,159.7	797.0	–	–
	16,023.4	12,766.2	1,541.2	1,689.4

At 30 June 2013, there is no properties held for sale pledged as securities for the Group's borrowings. At 30 June 2012, the aggregate carrying value of properties held for sale pledged as securities for the Group's borrowings amounted to HK\$1,358.0 million (note 41).

33 Inventories

	Group	
	2013 HK\$m	2012 HK\$m
Raw materials	65.4	17.7
Work-in-progress	2.0	3.2
Finished goods	506.1	689.9
	573.5	710.8

Notes to the Financial Statements

34 Debtors and prepayments

	Group		Company	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
Trade debtors (note (a))	4,047.1	3,043.5	–	–
Amounts due from customers for contract work (note 37)	61.0	225.8	–	–
Retention receivable for contract work	309.4	465.6	–	–
Payment for purchase of land and land preparatory costs	8,650.6	7,117.3	–	–
Deposits, prepayments and other debtors	8,177.8	7,479.0	240.5	278.4
	21,245.9	18,331.2	240.5	278.4

Notes:

- (a) The Group has different credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate. Sales proceeds receivable from sale of properties and retention receivable in respect of construction and engineering services are settled in accordance with the terms of respective contracts.

Aging analysis of trade debtors is as follows:

	Group	
	2013 HK\$m	2012 HK\$m
Current to 30 days	2,183.5	1,873.0
31 to 60 days	316.6	341.4
Over 60 days	1,547.0	829.1
	4,047.1	3,043.5

There is no concentration of credit risk with respect to trade debtors as the customer bases are widely dispersed in different sectors and industries.

Notes to the Financial Statements

34 Debtors and prepayments (continued)

Notes: (continued)

- (b) At 30 June 2013, trade debtors of HK\$1,955.9 million (2012: HK\$1,613.3 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade debtors is as follows:

	Group	
	2013 HK\$m	2012 HK\$m
Current to 30 days	725.8	507.7
31 to 60 days	215.1	317.3
Over 60 days	1,015.0	788.3
	1,955.9	1,613.3

At 30 June 2013, trade debtors of HK\$63.0 million (2012: HK\$77.7 million) were impaired. The amount of the provision was HK\$62.3 million (2012: HK\$76.8 million). The aging analysis of these debtors is as follows:

	Group	
	2013 HK\$m	2012 HK\$m
Current to 30 days	0.2	0.3
31 to 60 days	0.5	1.8
Over 60 days	62.3	75.6
	63.0	77.7

- (c) Movements on the provision for impairment of trade debtors are as follows:

	Group	
	2013 HK\$m	2012 HK\$m
At beginning of the year	76.8	78.9
Translation differences	1.7	0.6
Increase in provision recognised in consolidated income statement	7.1	8.3
Amounts recovered	(11.3)	(6.0)
Amounts written off during the year	(12.0)	(5.0)
At end of the year	62.3	76.8

Notes to the Financial Statements

34 Debtors and prepayments (continued)

Notes: (continued)

- (d) The carrying amounts of the debtors and prepayments, which approximate to their fair values, are denominated in the following currencies:

	Group		Company	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
Renminbi	15,772.7	13,358.0	-	-
Hong Kong dollar	4,415.9	3,910.4	240.5	278.4
United States dollar	871.7	810.8	-	-
Macau Pataca	58.9	93.5	-	-
Others	126.7	158.5	-	-
	21,245.9	18,331.2	240.5	278.4

- (e) Except for certain collaterals held as securities for other debtors, the Group does not hold other collateral as securities for the debtors. The maximum exposure to credit risk at the end of the reporting period is the carrying value mentioned above.

35 Financial assets at fair value through profit or loss

	Group	
	2013 HK\$m	2012 HK\$m
Non-current		
Unlisted equity securities, at fair value	216.9	942.5
Listed shares in Hong Kong, at market value	59.0	66.6
	275.9	1,009.1
Current		
Unlisted equity securities, at fair value	0.8	1.5
Total	276.7	1,010.6
Representing:		
Held for trading	59.8	68.1
Designated as financial assets at fair value through profit or loss	216.9	942.5
Total	276.7	1,010.6

Notes to the Financial Statements

35 Financial assets at fair value through profit or loss (continued)

The financial assets at fair value through profit or loss are denominated in the following currencies:

	Group	
	2013 HK\$m	2012 HK\$m
United States dollar	129.5	856.2
Hong Kong dollar	59.0	66.6
Renminbi	68.0	68.1
Others	20.2	19.7
	276.7	1,010.6

36 Cash and bank balances

	Group		Company	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
Cash at banks and on hand	17,081.9	19,320.5	308.2	311.0
Bank deposits				
Restricted	170.9	126.6	–	–
Unrestricted	23,009.5	8,589.2	–	–
	40,262.3	28,036.3	308.2	311.0
Restricted bank deposits included in other non-current assets (note 30)	(2.4)	(2.9)	–	–
	40,259.9	28,033.4	308.2	311.0

The effective interest rates on bank deposits range from 0.001% to 5.50% (2012: 0.005% to 5.00%) per annum and these deposits have maturities ranging from 1 to 787 days (2012: 1 to 869 days).

Notes to the Financial Statements

36 Cash and bank balances (continued)

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

	Group		Company	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
Renminbi	23,036.5	14,393.2	1.0	0.1
United States dollar	10,032.2	8,272.4	6.6	21.6
Hong Kong dollar	7,074.2	5,181.4	300.6	289.3
Others	119.4	189.3	–	–
	40,262.3	28,036.3	308.2	311.0

Restricted bank deposits are funds which are pledged to secure certain borrowings (note 41), interest rate swaps and advance payment guarantee.

The conversion of Renminbi denominated balances into foreign currencies and the remittance of 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.

37 Amounts due from/to customers for contract work

	Group	
	2013 HK\$m	2012 HK\$m
Contract costs incurred plus attributable profits less foreseeable losses	12,354.6	20,691.1
Progress payments received and receivable	(12,445.0)	(20,637.2)
	(90.4)	53.9
Representing:		
Gross amounts due from customers for contract work (note 34)	61.0	225.8
Gross amounts due to customers for contract work (note 43)	(151.4)	(171.9)
	(90.4)	53.9

Notes to the Financial Statements

38 Non-current assets classified as assets held for sale

	Group	
	2013 HK\$m	2012 HK\$m
Listed securities, at market value		
Equity securities listed in Hong Kong	7.8	7.8
Equity securities listed in Mainland China	–	46.9
Assets reclassified as held for sale (note (a))	743.6	–
Investment properties (note (b))	793.0	–
	1,544.4	54.7

Note:

- (a) On 25 February 2013, a subsidiary of NWSH entered into a conditional agreement (the “Agreement”) with certain port investors in Xiamen to establish a joint venture company (the “JV Company”) in Mainland China and will inject their respective port investments in Xiamen into the JV Company. Pursuant to the Agreement, NWSH will inject its 50% interest in Xiamen New World Xiangyu Terminals Co., Ltd. (“NWX Terminal”, a jointly controlled entity of NWSH) into the JV Company. NWSH has also committed to dispose of its 100% interest in Trend Wood Investments Limited (“Trend Wood”, a wholly owned subsidiary of NWSH which owns 46% interest in Xiamen Haicang Xinhaida Container Terminals Co., Limited (“Xinhaida”, a jointly controlled entity of NWSH)) to the JV Company (the “Trend Wood Disposal”) after the establishment of the JV Company (the “JV Establishment”) at a cash consideration of approximately RMB369.9 million (equivalent to approximately HK\$462.3 million). The disposal proceeds will be utilised in full by NWSH for the capital injection into the JV Company.

After the JV Establishment and completion of the Trend Wood Disposal, NWSH will hold 13.8% interest in the JV Company. A call option was also granted to a subsidiary of NWSH to acquire an additional 6.2% interest in the JV Company which will be exercisable for a period of three years from the date of the JV Establishment. If such call option is exercised by the subsidiary, NWSH’s interest in the JV Company will be increased to 20%.

Accordingly, NWSH has ceased to account for the results of NWXY Terminal and Trend Wood from the signing of the Agreement and their carrying values have been reclassified as assets held for sale. These transactions are expected to be completed by the end of 2013. Assuming these transactions had been completed on 30 June 2013, management estimates that it would result in a gain of approximately HK\$600.0 million to NWSH.

	2013 HK\$m
Assets	
Interests in jointly controlled entities	743.4
Other assets	0.2
Assets reclassified as held for sale	743.6

- (b) On 20 November 2012, a subsidiary of the Group entered into an agreement with a third party to dispose of its interests in an investment property for a consideration of HK\$508.0 million. On 9 April 2013, the Group entered into an agreement with a third party to dispose of its interest in a non-wholly owned subsidiary, which holds an investment property, for a consideration of HK\$285.0 million. Both transactions were completed in July 2013.

Notes to the Financial Statements

39 Share capital

	2013		2012	
	Number of shares (million)	HK\$m	Number of shares (million)	HK\$m
Authorised:				
Shares of HK\$1.00 each	10,000.0	10,000.0	10,000.0	10,000.0
Issued and fully paid:				
Shares of HK\$1.00 each				
At beginning of the year	6,151.1	6,151.1	3,990.1	3,990.1
Issue of new shares as scrip dividends (note (a))	147.1	147.1	165.9	165.9
Issue of rights shares (note (b))	–	–	1,995.1	1,995.1
Issue of new shares upon exercise of share options	13.4	13.4	–	–
At end of the year	6,311.6	6,311.6	6,151.1	6,151.1

Notes:

(a) Issue of new shares as scrip dividends

During the year ended 30 June 2013, 101,819,889 and 45,307,267 new shares were issued by the Company at HK\$11.6470 and HK\$12.1638 per share respectively for the settlement of 2012 final scrip dividends and 2013 interim scrip dividends.

(b) Issue of rights shares

During the year ended 30 June 2012, 1,995,062,501 new shares of HK\$1.00 each were issued and allotted under the rights issue at the subscription price of HK\$5.68 each on the basis of one rights share for every two shares held by the shareholders on 28 October 2011.

Notes to the Financial Statements

40 Reserves

	Group									
	Capital redemption reserve	Share premium	Property revaluation reserve	Investment revaluation reserve	General reserve	Employees' share-based compensation reserve	Convertible bond capital reserve	Exchange reserve	Retained profits	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
At 1 July 2012	37.7	40,714.0	3,384.7	2,157.7	1,036.4	270.2	804.9	5,823.7	63,162.5	117,391.8
Fair value changes of available-for-sale financial assets, net of taxation	-	-	-	354.3	-	-	-	-	-	354.3
Release of reserve upon disposal of assets held for sale	-	-	-	0.6	-	-	-	(2.0)	-	(1.4)
Release of reserve upon disposal of available-for-sale financial assets, net of taxation	-	-	-	(90.4)	-	-	-	-	-	(90.4)
Release of investment revaluation deficit to the income statement upon impairment of available-for-sale financial assets	-	-	-	187.5	-	-	-	-	-	187.5
Issue of new shares as scrip dividends	-	1,589.9	-	-	-	-	-	-	-	1,589.9
Issue of new shares upon exercise of share options	-	118.6	-	-	-	-	-	-	-	118.6
Employees' share-based payments	-	-	-	-	-	141.4	-	-	-	141.4
Share options lapsed	-	-	-	-	-	(21.1)	-	-	21.1	-
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	2.1	(32.8)	(30.7)
Deemed disposal of interests in subsidiaries	-	-	-	-	-	-	-	-	(29.4)	(29.4)
Profit attributable to shareholders	-	-	-	-	-	-	-	-	14,148.7	14,148.7
Share of other comprehensive income of jointly controlled entities and associated companies	-	-	-	(659.9)	33.1	-	-	531.6	-	(95.2)
Cash flow hedges	-	-	-	-	33.7	-	-	-	-	33.7
Transfer of reserves	-	-	-	-	17.0	-	-	-	(17.0)	-
Revaluation of investment properties upon reclassification from property, plant and equipment, net of taxation	-	-	49.0	-	-	-	-	-	-	49.0
Translation differences	-	-	-	-	-	-	-	1,526.7	-	1,526.7
2012 final dividend paid	-	-	-	-	-	-	-	-	(1,723.8)	(1,723.8)
2013 interim dividend paid	-	-	-	-	-	-	-	-	(751.7)	(751.7)
At 30 June 2013	37.7	42,422.5	3,433.7	1,949.8	1,120.2	390.5	804.9	7,882.1	74,777.6	132,819.0
Representing:										
At 30 June 2013	37.7	42,422.5	3,433.7	1,949.8	1,120.2	390.5	804.9	7,882.1	72,884.1	130,925.5
2013 proposed final dividend	-	-	-	-	-	-	-	-	1,893.5	1,893.5
	37.7	42,422.5	3,433.7	1,949.8	1,120.2	390.5	804.9	7,882.1	74,777.6	132,819.0

Notes to the Financial Statements

40 Reserves (continued)

	Group									
	Capital redemption reserve	Share premium	Property revaluation reserve	Investment revaluation reserve	General reserve	Employees' share-based compensation reserve	Convertible bond capital reserve	Exchange reserve	Retained profits	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
At 1 July 2011	37.7	30,556.7	3,430.6	3,541.7	1,050.0	968.1	840.2	5,405.1	53,960.2	99,790.3
Fair value changes of available-for-sale financial assets, net of taxation	-	-	-	(546.6)	-	-	-	-	-	(546.6)
Release of reserve upon disposal of assets held for sale	-	-	-	0.1	-	-	-	(0.4)	-	(0.3)
Release of reserve upon disposal of available-for-sale financial assets, net of taxation	-	-	-	(103.4)	-	-	-	-	-	(103.4)
Release of investment revaluation deficit to the income statement upon impairment of available-for-sale financial assets	-	-	-	446.7	-	-	-	-	-	446.7
Redemption of convertible bonds	-	-	-	-	-	-	(35.7)	-	35.7	-
Issue of new shares as scrip dividends	-	1,000.1	-	-	-	-	-	-	-	1,000.1
Issue of rights shares	-	9,157.2	-	-	-	-	-	-	-	9,157.2
Employees' share-based payments	-	-	-	-	-	126.8	-	-	-	126.8
Share options lapsed	-	-	-	-	-	(824.7)	-	-	824.7	-
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	(110.9)	(110.9)
Release of exchange reserve upon disposal of subsidiaries and an associated company	-	-	-	-	-	-	-	(31.1)	-	(31.1)
Deemed disposal of interests in subsidiaries	-	-	-	-	-	-	-	-	38.6	38.6
Profit attributable to shareholders	-	-	-	-	-	-	-	-	10,139.0	10,139.0
Share of other comprehensive income of jointly controlled entities and associated companies	-	-	-	(1,180.8)	(17.8)	-	-	121.9	(24.7)	(1,101.4)
Cash flow hedges	-	-	-	-	(70.3)	-	-	-	-	(70.3)
Transfer of reserves	-	-	(55.5)	-	28.2	-	-	-	27.3	-
Derecognition of non-controlling interests of Newton Resources Limited	-	-	-	-	46.3	-	-	-	-	46.3
Revaluation of investment properties upon reclassification from property, plant and equipment, net of taxation	-	-	9.6	-	-	-	-	-	-	9.6
Translation differences	-	-	-	-	-	-	0.4	328.2	-	328.6
2011 final dividend paid	-	-	-	-	-	-	-	-	(1,117.2)	(1,117.2)
2012 interim dividend paid	-	-	-	-	-	-	-	-	(610.2)	(610.2)
At 30 June 2012	37.7	40,714.0	3,384.7	2,157.7	1,036.4	270.2	804.9	5,823.7	63,162.5	117,391.8
Representing:										
At 30 June 2012	37.7	40,714.0	3,384.7	2,157.7	1,036.4	270.2	804.9	5,823.7	61,439.7	115,669.0
2012 proposed final dividend	-	-	-	-	-	-	-	-	1,722.8	1,722.8
	37.7	40,714.0	3,384.7	2,157.7	1,036.4	270.2	804.9	5,823.7	63,162.5	117,391.8

Notes to the Financial Statements

40 Reserves (continued)

Note:

Effect on transfer to the non-controlling interests of the Group for the year ended 30 June 2013:

	2013 HK\$m	2012 HK\$m
Total comprehensive income for the year attributable to the shareholders of the Company	16,112.9	9,070.8
Transfer to the non-controlling interests		
Acquisition of additional interests in subsidiaries	(30.7)	(110.9)
Deemed disposal of interests in subsidiaries	(29.4)	38.6
Net transfer to the non-controlling interests	(60.1)	(72.3)
Total comprehensive income for the year attributable to the shareholders of the Company and net transfer to the non-controlling interests	16,052.8	8,998.5

	Company					Total HK\$m
	Capital redemption reserve	Share premium	Investment revaluation reserve	Employees' share-based compensation reserve	Retained profits	
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
At 1 July 2012	37.7	40,714.0	12.8	113.4	14,186.7	55,064.6
Issue of new shares as scrip dividends	-	1,589.9	-	-	-	1,589.9
Issue of new shares upon exercise of share options	-	118.6	-	-	-	118.6
Employees' share-based payments	-	-	-	130.9	-	130.9
Share options lapsed	-	-	-	(2.3)	2.3	-
Fair value changes of available-for-sale financial assets	-	-	(8.2)	-	-	(8.2)
Profit for the year	-	-	-	-	2,209.9	2,209.9
2012 final dividend paid	-	-	-	-	(1,723.8)	(1,723.8)
2013 interim dividend paid	-	-	-	-	(751.7)	(751.7)
At 30 June 2013	37.7	42,422.5	4.6	242.0	13,923.4	56,630.2
Representing:						
At 30 June 2013	37.7	42,422.5	4.6	242.0	12,029.9	54,736.7
2013 proposed final dividend	-	-	-	-	1,893.5	1,893.5
	37.7	42,422.5	4.6	242.0	13,923.4	56,630.2

Notes to the Financial Statements

40 Reserves (continued)

Note: (continued)

	Company					Total HK\$m
	Capital redemption reserve	Share premium	Investment revaluation reserve	Employees' share-based compensation reserve	Retained profits	
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
At 1 July 2011	37.7	30,556.7	7.8	782.9	13,244.4	44,629.5
Issue of new shares as scrip dividends	–	1,000.1	–	–	–	1,000.1
Issue of rights shares	–	9,157.2	–	–	–	9,157.2
Employees' share-based payments	–	–	–	113.4	–	113.4
Share options lapsed	–	–	–	(782.9)	782.9	–
Fair value changes of available-for-sale financial assets	–	–	5.0	–	–	5.0
Profit for the year	–	–	–	–	1,886.8	1,886.8
2011 final dividend paid	–	–	–	–	(1,117.2)	(1,117.2)
2012 interim dividend paid	–	–	–	–	(610.2)	(610.2)
At 30 June 2012	37.7	40,714.0	12.8	113.4	14,186.7	55,064.6
Representing:						
At 30 June 2012	37.7	40,714.0	12.8	113.4	12,463.9	53,341.8
2012 proposed final dividend	–	–	–	–	1,722.8	1,722.8
	37.7	40,714.0	12.8	113.4	14,186.7	55,064.6

Notes to the Financial Statements

41 Borrowings

	Group	
	2013 HK\$m	2012 HK\$m
Long-term borrowings		
Secured bank loans	28,061.0	28,673.8
Unsecured bank loans	38,962.0	28,117.8
Other secured loans	70.9	–
Other unsecured loans	126.6	–
Fixed rate bonds	20,726.7	16,429.2
Convertible bonds (note (b))	7,292.1	6,873.9
Loans from non-controlling shareholders (note (c))	1,881.5	142.9
	97,120.8	80,237.6
Current portion of long-term borrowings	(17,890.9)	(12,391.8)
	79,229.9	67,845.8
Short-term borrowings		
Secured bank loans	4,419.3	4,046.0
Unsecured bank loans	3,091.7	1,664.0
Other unsecured loans	5.0	5.0
Loans from non-controlling shareholders (note (c))	1,775.9	2,758.8
	9,291.9	8,473.8
Current portion of long-term borrowings	17,890.9	12,391.8
	27,182.8	20,865.6
Total borrowings	106,412.7	88,711.4

Notes to the Financial Statements

41 Borrowings (continued)

Notes:

(a) Bank loans and fixed rate bonds are repayable as follows:

	Group			
	Bank loans		Fixed rate bonds	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
Within one year	18,109.8	18,101.8	–	–
In the second year	18,076.8	9,443.6	6,525.0	–
In the third to fifth year	35,097.0	30,691.3	7,544.2	10,267.5
After the fifth year	3,250.4	4,264.9	6,657.5	6,161.7
	74,534.0	62,501.6	20,726.7	16,429.2

(b) Convertible bonds

	Group			
	Carrying amount		Fair value	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
Convertible bonds due June 2014	7,292.1	6,873.9	7,602.0	7,086.0

The bonds, issued by a subsidiary of the Company, are guaranteed by the Company and convertible into shares of the Company at an initial conversion price of HK\$26.784 per share at any time on and after 16 July 2007 up to 25 May 2014, subject to adjustments according to the terms governing the convertible bonds. The bonds are redeemable by the issuer at any time on or after 4 June 2012 at the option of the issuer, subject to the terms governing the convertible bonds. Unless previously redeemed, converted or purchased and cancelled, the bonds will be redeemed on the maturity date on 4 June 2014 at 128.3716% of the principal amount. As at 30 June 2013, the outstanding principal amount was HK\$6,000.0 million (2012: HK\$6,000.0 million).

The fair value of the liability component of the convertible bonds at 30 June 2013, was estimated using cash flows discounted at a rate of 5.86% (2012: 4.41%).

Interest expense on the convertible bonds was calculated using the effective interest method by applying the effective interest rate of 6.1% (2012: 6.1%) per annum to the liability component.

(c) Loans from non-controlling shareholders

The loans of HK\$49.6 million (2012: HK\$47.8 million) are unsecured and interest bearing at fixed rates of 5.0% (2012: 5.0%) per annum. The remaining loans are unsecured and interest free. A total amount of HK\$1,881.5 million (2012: HK\$142.9 million) is not repayable within the next 12 months and the remaining balances have no specific repayment term.

Notes to the Financial Statements

41 Borrowings (continued)

Notes: (continued)

(d) Effective interest rates

	2013				2012			
	Hong Kong dollar	Renminbi	United States dollar	Others	Hong Kong dollar	Renminbi	United States dollar	Others
Bank loans	2.2%	6.5%	5.4%	3.3%	1.8%	5.6%	5.2%	1.7%
Fixed rate bonds	5.4%	6.5%	6.8%	-	5.7%	7.1%	6.8%	-
Loans from non-controlling shareholders	5.0%	-	-	-	5.0%	-	-	-
Other secured loans	-	6.5%	-	-	-	-	-	-
Other unsecured loans	3.0%	6.5%	-	-	3.0%	-	-	-

The effective interest rates of the convertible bonds are disclosed in note (b) above.

(e) Carrying amounts and fair values of the borrowings

The fair value of the liability component of the convertible bonds at the end of each reporting period is disclosed in note (b) above. The fair value of the fixed rate bonds at the end of the reporting period is HK\$21,993.5 million (2012: HK\$17,170.8 million). The carrying amounts of other borrowings approximate their fair values.

(f) Currencies

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

	Group	
	2013 HK\$m	2012 HK\$m
Hong Kong dollar	66,719.1	55,048.2
Renminbi	26,955.4	21,251.2
United States dollar	12,614.5	12,325.5
Others	123.7	86.5
	106,412.7	88,711.4

Notes to the Financial Statements

41 Borrowings (continued)

Notes: (continued)

(g) The contractual repricing dates or maturity dates (whichever is earlier) of the interest-bearing borrowings are as follows:

	Group				Total HK\$m
	Bank loans	Other loans	Loans from non-controlling shareholders	Fixed rate bonds	
	HK\$m	HK\$m	HK\$m	HK\$m	
2013					
Within one to five year	74,534.0	202.5	–	14,069.2	88,805.7
After the fifth year	–	–	49.6	6,657.5	6,707.1
	74,534.0	202.5	49.6	20,726.7	95,512.8
2012					
Within one to five year	62,501.6	5.0	–	10,267.5	72,774.1
After the fifth year	–	–	47.8	6,161.7	6,209.5
	62,501.6	5.0	47.8	16,429.2	78,983.6

42 Other non-current liabilities

	Group	
	2013 HK\$m	2012 HK\$m
Deferred income	133.4	14.8
Provision for long service payments	36.2	41.7
Long-term accounts payable	582.0	640.1
	751.6	696.6

Notes to the Financial Statements

43 Creditors and accrued charges

	Group		Company	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
Trade creditors (note (a))	9,730.8	7,769.9	–	–
Amounts due to customers for contract work (note 37)	151.4	171.9	–	–
Deposits received on sale of properties	10,185.6	5,078.6	–	–
Amounts due to jointly controlled entities (note (b))	1,312.1	1,659.2	–	–
Amounts due to associated companies (note (b))	187.7	432.8	73.2	69.9
Other creditors and accrued charges	11,327.5	10,160.6	365.6	449.5
	32,895.1	25,273.0	438.8	519.4

Notes:

(a) Aging analysis of trade creditors is as follows:

	Group	
	2013 HK\$m	2012 HK\$m
Current to 30 days	7,365.7	5,767.9
31 to 60 days	1,202.3	832.2
Over 60 days	1,162.8	1,169.8
	9,730.8	7,769.9

(b) The amounts payable are interest free, unsecured and have no fixed terms of repayment.

(c) The carrying amounts of creditors and accrued charges, which approximate their fair values, are denominated in the following currencies:

	Group		Company	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
Renminbi	21,315.5	14,644.5	–	–
Hong Kong dollar	10,789.7	9,790.3	438.8	519.4
United States dollar	545.9	538.4	–	–
Macau Pataca	164.8	237.5	–	–
Others	79.2	62.3	–	–
	32,895.1	25,273.0	438.8	519.4

Notes to the Financial Statements

44 Financial instruments by category

In accordance with HKFRS 7, the financial assets and financial liabilities of the Group and the Company as shown in the statement of financial positions are classified as follows:

- (a) Financial assets at fair value through profit or loss and derivative financial instruments are categorised as financial assets at fair value through profit or loss and carried at fair value;
- (b) Available-for-sale financial assets are categorised as available-for-sale financial assets and carried at fair value;
- (c) Held-to-maturity investments are categorised as held-to-maturity investments and carried at amortised cost using the effective interest method;
- (d) Long-term receivables, long-term deposits, restricted bank deposits, trade and other debtors, and cash and bank balances are categorised as loans and receivables and carried at amortised cost using the effective interest method; and
- (e) Borrowings, trade and other creditors are categorised as financial liabilities and carried at amortised cost using the effective interest method. Derivative financial liabilities are categorised as financial liabilities at fair value through profit or loss and carried at fair value.

45 Commitments

(a) Capital commitments

	Group	
	2013 HK\$m	2012 HK\$m
Contracted but not provided for		
Property, plant and equipment	2,402.0	1,153.8
Investment properties	1,757.6	4,484.7
Intangible concession rights	9.3	–
An associated company	1,184.2	–
Jointly controlled entities	276.7	915.0
Other investments	668.8	56.6
	6,298.6	6,610.1
Authorised but not contracted for		
Property, plant and equipment	451.1	412.9
Intangible concession rights	10.9	15.3
Capital contribution for a proposed investment	–	7.2
	462.0	435.4

Notes to the Financial Statements

45 Commitments (continued)

(a) Capital commitments (continued)

The Group's share of capital commitments of the jointly controlled entities not included above are as follows:

	Group	
	2013 HK\$m	2012 HK\$m
Contracted but not provided for	877.8	911.3
Authorised but not contracted for	696.3	817.5
	1,574.1	1,728.8

(b) Commitments under operating leases

The future aggregate lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
Land and buildings				
In the first year	734.3	676.8	–	3.6
In the second to fifth year	3,082.0	3,215.3	–	–
After the fifth year	6,327.9	7,565.4	–	–
	10,144.2	11,457.5	–	3.6

The Group leases various retail outlets under non-cancellable operating lease agreements. The leases have varying terms ranging from 1 to 22 years. Certain of these leases have escalation clauses and renewal rights.

Notes to the Financial Statements

45 Commitments (continued)

(c) Operating lease receivable

The future minimum rental receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
In the first year	1,521.6	1,503.6	8.7	8.7
In the second to fifth year	2,617.6	2,788.9	0.8	9.5
After the fifth year	802.7	848.0	–	–
	4,941.9	5,140.5	9.5	18.2

The Group's operating leases are for terms ranging from 1 to 10 years.

46 Contingent liabilities and financial guarantee

	Group		Company	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
(a) The Group's and the Company's financial guarantee contracts are as follows:				
Mortgage facilities for certain purchasers of properties	1,595.3	1,557.7	–	–
Guarantees for credit facilities granted to				
Subsidiaries	–	–	38,783.4	39,213.4
Jointly controlled entities	5,119.0	7,190.3	3,001.0	4,738.1
Associated companies	22.0	96.4	–	96.4
A related company	101.7	111.7	–	–
Guarantee for convertible bonds issued by a subsidiary	–	–	6,000.0	6,000.0
Guarantee for fixed rate bonds issued by subsidiaries	–	–	6,657.5	6,152.5
Indemnity to non-wholly owned subsidiaries for Mainland China tax liabilities	1,784.1	1,856.0	5,908.8	6,166.9
	8,622.1	10,812.1	60,350.7	62,367.3
(b) The Group's share of contingent liabilities of the jointly controlled entities not included above are as follows:				
Share of contingent liabilities of jointly controlled entities	20.4	14.7	–	–

The Group is in dispute with a joint venture partner in respect of certain property development projects in Mainland China and the parties have taken legal actions against each other in Hong Kong. No statement of claims setting out details of the claims against the Group has been filed. The Group expects that there will not be a material adverse impact on the financial position of the Group.

Notes to the Financial Statements

47 Notes to consolidated statement of cash flows

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

	2013 HK\$m	2012 HK\$m
Operating profit	19,286.7	16,115.0
Depreciation	997.3	884.4
Amortisation	883.1	719.8
Changes in fair value of investment properties	(7,460.8)	(4,902.7)
Write back of provision for loans and other receivables	(5.9)	(24.7)
Gain on remeasuring previously held interest of a jointly controlled entity at fair value upon further acquisition to become a subsidiary	(11.9)	(204.8)
Gain on deemed disposal of interest in a subsidiary	–	(1,842.7)
Net (gain)/loss on fair value of financial assets at fair value through profit or loss	(126.2)	789.9
Net (gain)/loss on disposal of		
Investment properties, property, plant and equipment and land use rights	(440.8)	(36.1)
Assets held for sale	(59.8)	(99.8)
Available-for-sale financial assets	(143.6)	(246.4)
Financial assets at fair value through profit or loss	212.1	(51.7)
Subsidiaries	–	(148.2)
Jointly controlled entities	–	(347.8)
Associated companies	–	(86.9)
Impairment loss on		
Available-for-sale financial assets	201.9	568.8
Loans and other receivables	–	2.3
Properties held for sale, property, plant and equipment and land use rights	118.2	85.6
Dividend income from investments	(198.8)	(76.0)
Share options expenses	145.8	131.6
Net exchange gain	(743.0)	(282.0)
Operating profit before working capital changes	12,654.3	10,947.6
Decrease/(increase) in inventories	144.5	(145.5)
Increase in properties for/under development and held for sale	(7,968.8)	(22,342.4)
Increase in debtors and prepayments	(2,461.8)	(1,030.4)
Increase/(decrease) in creditors and accrued charges	6,106.6	(148.2)
Net cash generated from/(used in) operations	8,474.8	(12,718.9)

Notes to the Financial Statements

47 Notes to consolidated statement of cash flows (continued)

(b) Acquisition of subsidiaries

	2013 HK\$m	2012 HK\$m
Net assets acquired		
Investment properties	384.1	1,792.6
Property, plant and equipment	65.5	83.2
Interests in a jointly controlled entity and associated companies	–	639.4
Deferred tax assets	–	97.6
Intangible concession rights	–	16,197.7
Intangible assets, other than goodwill	67.6	1,626.7
Available-for-sale financial assets	–	23.3
Properties held for sale	1.4	–
Inventories	1.2	24.5
Debtors and prepayments	495.8	258.4
Cash and bank balances	163.2	866.9
Restricted cash balances	–	571.3
Creditors and accrued charges	(475.8)	(1,271.7)
Current tax payable	(15.8)	(148.0)
Deferred tax liabilities	–	(2,580.8)
Borrowings	(3.7)	(6,301.2)
Non-controlling interests	(162.1)	(3,833.9)
Net assets	521.4	8,046.0
Interests originally held by the Group as jointly controlled entities	(271.1)	(3,027.6)
	250.3	5,018.4
Goodwill on acquisition	–	816.5
Gain on remeasuring previously held interest of a jointly controlled entity at fair value upon further acquisition to become a subsidiary	(11.9)	(204.8)
Consideration	238.4	5,630.1

Notes to the Financial Statements

47 Notes to consolidated statement of cash flows (continued)

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

	2013 HK\$m	2012 HK\$m
Cash consideration	(238.4)	(5,630.1)
Cash and cash equivalents acquired	163.2	686.2
	(75.2)	(4,943.9)

(d) Disposal of subsidiaries

	2013 HK\$m	2012 HK\$m
Net assets disposed		
Investment properties	–	1,123.3
Debtors and prepayments	–	69.8
Cash and bank balances	–	6.6
Creditors and accrued charges	–	(13.8)
Deferred tax liabilities	–	(1.1)
Non-controlling interests	–	18.3
Net assets	–	1,203.1
Interest retained by the Group as a jointly controlled entity	–	(77.9)
	–	1,125.2
Release of exchange reserve upon disposal	–	(33.1)
Net gain on disposal of subsidiaries	–	148.2
Consideration	–	1,240.3

(e) Analysis of net inflow of cash and cash equivalents in respect of disposal of subsidiaries

	2013 HK\$m	2012 HK\$m
Cash consideration	–	1,240.3
Cash and cash equivalents disposed	–	(6.6)
	–	1,233.7

Notes to the Financial Statements

48 Related party transactions

In addition to those disclosed in other sections of the financial statements, the following significant related party transactions have been entered into by the Group during the year:

	2013 HK\$m	2012 HK\$m
Jointly controlled entities		
Provision of construction work services (note (a))	508.0	755.7
Interest income (note (b))	195.1	114.9
Trademark fee income (note (c))	21.2	79.7
Hotel management services fee income (note (d))	4.9	8.4
Rental expenses (note (e))	306.9	282.3
An associated company		
Hotel management services fee income (note (d))	1.3	1.5
Related companies (note (j))		
Provision of construction work services (note (a))	130.9	4.2
Rental income (note (e))	162.8	124.4
Concessionaires commissions (note (f))	131.1	111.3
Hotel management services fee income (note (d))	39.7	36.9
Sales of goods, prepaid shopping cards and vouchers (note (g))	45.2	16.5
Rental expenses (note (e))	9.9	2.4
Management fee expenses (note (h))	64.7	83.1
Accounts payable (note (i))	98.3	118.2

Notes:

- (a) Revenue from provision of construction work services is principally charged in accordance with relevant contracts.
- (b) Interest income is charged at interest rates as specified in note 23(a) on the outstanding amounts.
- (c) Trademark fee income is charged in accordance with the terms of trademark fee agreement.
- (d) The hotel management services fee income is charged in accordance with the terms of the management service agreement.
- (e) Rental income and expenses are charged in accordance with respective tenancy agreements.
- (f) The income is charged in accordance with concessionaire counter agreements with Chow Tai Fook Jewellery Group Limited. The commission is mainly calculated by pre-determined percentages of gross sales value in accordance with respective agreements.
- (g) This represents the amounts received in respect of the sales of goods, prepaid shopping cards and vouchers to Chow Tai Fook Jewellery Group Limited.
- (h) Management fee expenses are charged at rates in accordance with relevant contracts.
- (i) The accounts payable are unsecured, interest free and are repayable on demand.
- (j) Related companies are subsidiaries and jointly controlled entities of Chow Tai Fook Enterprises Limited and Chow Tai Fook Jewellery Company Limited.
- (k) The balances with jointly controlled entities and associated companies are disclosed in notes 23, 24 and 43.
- (l) No significant transactions have been entered with the Directors of the Company (being the key management personnel) during the year other than the emoluments paid to them as disclosed in note 16.

Notes to the Financial Statements

49 Event subsequent to year end

On 27 May 2013, the Group, through NWDS, entered into an agreement with independent third parties to acquire the entire equity interest in Hongxin Co, for a gross consideration of RMB1,250.0 million (subject to further adjustments). Hongxin Co owns and operates a shopping mall in Shanghai. The acquisition was completed on 30 July 2013.

Details of net assets acquired and goodwill are as follows:

	HK\$m
Purchase consideration – cash paid (note)	1,576.2
Fair value of net assets acquired	(1,568.0)
Goodwill	8.2

As at the date of these consolidated financial statements, NWDS has not finalised the fair value assessments for net assets acquired from the acquisition. The relevant fair value of net assets acquired stated is on a provisional basis. The fair value of the assets and liabilities of the acquired business are as follows:

	HK\$m
Investment property	1,898.7
Cash and bank balances	28.5
Creditors and accrued charges	(34.4)
Deferred tax liabilities	(324.8)
Fair value of net assets acquired	1,568.0

Analysis of the net cash outflow from the acquisition:

	HK\$m
Purchase consideration settled in cash	(1,576.2)
Cash and cash equivalents in a subsidiary acquired	28.4
Cash outflow on acquisition	(1,547.8)

Goodwill can be attributable to the anticipated profitability of the acquired business.

Note: HK\$683.5 million of cash paid represented the repayment of outstanding bank borrowings of Hongxin Co immediately prior to acquisition.

Notes to the Financial Statements

50 Principal subsidiaries

As at 30 June 2013

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share HK\$	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong</i>					
Addlight Investments Limited	9,998	1	-	56	Property investment
	2 ¹	1	-	56	
Adwin Top Limited	2	1	-	100	Property investment
All Speed Investment Limited	2	1	100	100	Property investment
Anway Limited	1	1	-	61	Duty free operation and general trading
AOS Management Limited	2	1	-	100	Management services
Atlantic Land Properties Limited	2	1	100	100	Investment holding
Billion Earn International Limited	1	1	100	100	Property investment
Billion Huge (International) Limited	950,001	1	-	70	Investment holding
Billion Park Investment Limited	1,000,000	1	-	57	Investment holding
Billionable Investment Limited	4,998	1	-	61	Investment holding
	2 ¹	1	-	61	
Birkenshaw Limited	10,000	1	-	100	Property investment
Bounty Gain Limited	1	1	-	61	Investment holding
Bright Moon Company, Limited	100,000	10	75	75	Property investment
Calpella Limited	2	10	-	100	Property investment
Cheer Best Enterprises Limited	2	1	100	100	Property investment
Cheering Step Investments Limited	1	1	-	61	Investment holding
Cheong Sing Company Limited	10,000	1	100	100	Property investment
Cheong Yin Company Limited	30,000	100	100	100	Property investment
Chi Lam Investment Company Limited	7,000	100	100	100	Investment holding
Chinese Future Limited	1,000,000	1	-	61	Investment holding
CiF Solutions Limited	10	100	-	61	Provision of information technology solutions
	160,000 ¹	100	-	61	
Deluxe Sign Limited	1	1	100	100	Property development
Discovery Park Commercial Services Limited	2	1	-	100	Property management
DP Properties Limited	4,000	0.25	-	100	Property investment
Fook Hang Trading Company Limited	100	100	85	85	Property investment
Fook Hong Enterprises Company, Limited	10,000	100	100	100	Property investment
Fortune Kingdom Development Limited	2	1	100	100	Property development

Notes to the Financial Statements

50 Principal subsidiaries (continued)

As at 30 June 2013

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share HK\$	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong (continued)</i>					
Fully H.K. Investments Limited	10,000	1	-	70	Property development
Gold Queen Limited	5,000	1	100	100	Property investment
Grace Crystal Limited	1	1	-	61	Investment holding
Gracejoy Investments Limited	1	1	100	100	Property development
Grand Express International Limited	1	1	-	61	Investment holding
Grand Hyatt Hong Kong Company Limited	1,000	1	-	64	Hotel operation
	9,000 ²	1	-	100	
Hamberlin Company, Limited	1,000	100	-	100	Property development
Happy Champion Limited	2	1	100	100	Investment holding
Head Step Limited	2	1	100	100	Property investment
Hip Hing Builders Company Limited	40,000	1,000	-	61	Construction
	10,000 ¹	1,000	-	61	
Hip Hing Construction Company Limited	400,000	100	-	61	Construction and civil engineering
	600,000 ¹	100	-	61	
Hip Hing Engineering Company Limited	2,000,000	100	-	61	Building construction
Hip Seng Construction Company Limited	1	1	-	61	Construction
Hong Kong Convention and Exhibition Centre (Management) Limited	3	1	-	61	Management of Hong Kong Convention and Exhibition Centre ("HKCEC")
	1 ¹	1	-	61	
Hong Kong Exhibition and Convention Venue Management China Limited	1	1	-	61	Investment holding
Hong Kong Island Development Limited	33,400,000	5	6	100	Property investment
Hong Kong Jing-Guang Development Limited	100,000	10	-	52	Investment holding
Honour Shares Limited	100	1	-	100	Investment holding
Howah Development Limited	2	1	100	100	Property development
Istaron Limited	4	1	-	64	Investment holding
Jade Gain Enterprises Limited	100	1	-	70	Property investment
Joint Profit Limited	2	1	100	100	Property investment
Joint View International Limited	1	1	-	100	Property development

Notes to the Financial Statements

50 Principal subsidiaries (continued)

As at 30 June 2013

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share HK\$	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong (continued)</i>					
Kamking Limited	2	1	100	100	Property investment
K11 Art Collection Company Limited	1	1	-	100	Trading
K11 (China) Limited	1	1	-	100	Investment holding
K11 Concepts Limited	1	1	-	100	Provision of property management consultancy services
K11 Design Store Limited	1	1	-	100	Retail of consumer products
K11 Loyalty Program Limited	1	1	-	100	Marketing and promotion
K11 Real Estate Agency Limited	1	1	-	100	Estate agency
K11 Select Limited	1	1	-	100	Retail of consumer products
Kin Kiu Enterprises, Limited	10,000	1,000	100	100	Investment holding
King Lee Investment Company Limited	300	1,000	100	100	Investment holding
Kiu Lok Property Services (China) Limited	2	1	-	61	Property agency management and consultancy
	2 ¹	1	-	61	
La Tune Limited	2	100	-	100	Property investment
Land Source Investment Limited	2	1	100	100	Property development
Lingal Limited	1,800	1	-	70	Investment holding
	200 ¹	1	-	-	
Legarleon Finance Limited	4,400,000	10	-	100	Financing
Loyalton Limited	2	10	-	100	Property investment
Macdonnell Hostel Company Limited	2	1	100	100	Hostel operation
Magic Sign Limited	2	1	-	100	Property development
Million World Development Limited	100	1	100	100	Property investment
Moral Giant Limited	1	1	100	100	Property investment
New Advent Limited	1	1	-	100	Property investment
New World China Enterprises Projects Limited	2	1	-	100	Project management
New World Department Store (Investment) Limited	3	1	-	72	Investment holding
New World Department Stores Limited	2	1	-	72	Provision of management services to department stores

Notes to the Financial Statements

50 Principal subsidiaries (continued)

As at 30 June 2013

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share HK\$	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong (continued)</i>					
New World Development (China) Limited	2	1	-	70	Investment holding
	2 ¹	1	100	100	
New World Finance Company Limited	200,000	100	100	100	Financial services
New World-Guangdong Highway Investments Co. Limited	100	100	-	61	Investment holding
	100 ¹	100	-	65	
New World Harbourview Hotel Company Limited	1,000	1	-	64	Hotel operation
	9,000 ²	1	-	100	
New World Hotel Management Limited	1	1	-	70	Hotel management
New World Hotels (Holdings) Limited	576,000,000	0.25	-	64	Investment holding
New World Loyalty Programme Limited	1	1	100	100	Loyalty programme
New World Nominee Limited	2	100	100	100	Nominee services
New World Port Investments Limited	2	1	-	61	Investment holding
New World Property Management Company Limited	1	1	100	100	Property management
New World Real Estate Agency Limited	2	1	100	100	Estate agency
New World Telecommunications Limited	9,999,998	1	-	100	Telecommunication services
	2 ¹	1	-	100	
New World Telephone Holdings Limited	200	1	100	100	Investment holding
New World Tower Company Limited	2	10	-	100	Property investment
New World (Xiamen) Port Investments Limited	2	1	-	61	Investment holding
NW Project Management (HK) Limited	1	1	-	100	Project management
NW Project Management Limited	2	1	-	100	Project management
NWS (Finance) Limited	2	1	-	61	Financial services
NWS Holdings (China) Limited	1,501	1	-	61	Investment holding
NWS Holdings (Finance) Limited	1	1	-	61	Financing
NWS Hong Kong Investment Limited	1	1	-	61	Investment holding
NWS Ports Management (Tianjin) Limited	1	1	-	61	Investment holding
Ocean Front Investment Limited	1	1	-	100	Property investment
Pacific Great Investment Limited	50,000,000	1	-	70	Investment holding

Notes to the Financial Statements

50 Principal subsidiaries (continued)

As at 30 June 2013

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share HK\$	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong (continued)</i>					
Paterson Plaza Properties Limited	10,000	1	-	100	Property investment
Pearls Limited	100	1	-	92	Property development
Peterson Investment Company Limited	10,000	1	100	100	Property investment
Polytown Company Limited	2	10	-	61	Property investment, operation, marketing, promotion and management of HKCEC
	100,000 ¹	10	-	61	
Polyworth Limited	10	1	-	92	Property development
Pontiff Company Limited	10,000,000	1	-	100	Property investment
Power Estate Investments Limited	1	1	-	100	Property investment
Pridemax Limited	2	1	-	100	Property investment
Profit Now Limited	1	1	-	61	Investment holding
Queen's Land Investment Limited	1,000	1	-	100	Property development
Realray Investments Limited	2	1	100	100	Property investment
Regent Star Investment Limited	1,000	1	-	100	Property development
Richglows Limited	2	1	-	100	Property investment
Rosewood Hotels and Resorts (Asia Pacific) Limited	1	1	-	70	Hotel Management
Silver Rich Holdings Limited	2	1	-	85	Property investment
Sky Connection Limited	100	1	-	61	Duty free, liquor and tobacco sales
Speed Star Development Limited	2	1	100	100	Property investment
Spring Yield Investments Limited	1	1	-	100	Property investment
Super Memory Limited	2	1	-	100	Property investment
Super Value Development Limited	10,000	1	90	100	Property investment
Tao Yun Company Limited	2	10	-	100	Property investment
Top Flash Investments Limited	10,000	1	90	100	Property investment

Notes to the Financial Statements

50 Principal subsidiaries (continued)

As at 30 June 2013

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong (continued)</i>					
Trend Wood Investments Limited ^{##}	1	HK\$1	-	61	Investment holding
True Hope Investment Limited	4,998	HK\$1	-	61	Investment holding
	2 ¹	HK\$1	-	61	
Try Force Limited	4,998	HK\$1	-	61	Investment holding
	2 ¹	HK\$1	-	61	
Tsuen Wan Properties Limited	200	HK\$100	-	100	Property investment
Twinic International Limited	1	HK\$1	-	61	Investment holding
Ultimate Vantage Limited	100	HK\$1	-	80	Property development
Urban Parking Limited	10,000,000	HK\$1	-	61	Carpark management
Vibro Construction Company Limited	1,630,000	HK\$100	-	61	Civil engineering
	20,000 ¹	HK\$100	-	61	
Vibro (H.K.) Limited	20,000,004	HK\$3	-	61	Piling, ground investigation and civil engineering
Waking Builders, Limited	20,000	HK\$1,000	-	61	Construction
Waygent Investment Limited	2	HK\$1	100	100	Property investment
Wincy Enterprises Limited	2	HK\$1	100	100	Property investment
Winpo Development Limited	2	HK\$1	100	100	Property investment
Wisemec Enterprises Limited	2	HK\$1	-	61	Investment holding
World Empire Property Limited	2	HK\$1	100	100	Property investment
<i>Incorporated in the Cayman Islands</i>					
Chinese Future Corporation	1,000,000	US\$0.01	-	61	Investment holding
<i>Incorporated in the Cayman Islands and operate in Hong Kong</i>					
New World China Land Limited	8,663,596,817	HK\$0.1	66	70	Investment holding
New World Department Store China Limited	1,686,145,000	HK\$0.1	72	72	Investment holding
New World TMT Limited	952,180,007	HK\$1	-	100	Investment holding
NWS Service Management Limited	1,323,943,165	HK\$0.1	-	61	Investment holding
<i>Incorporated and operate in the Philippines</i>					
New World International Development Philippines, Inc	6,988,016	Peso100	-	31	Hotel operation
NWH Management Philippines, Incorporated	94,920	Peso100	-	70	Hotel management
<i>Incorporated and operates in Malaysia</i>					
Taipan Eagle Sdn. Bhd.	1,000,000	M\$1	-	71	Property development

[#] Represented ordinary share capital, unless otherwise stated

¹ Non-voting deferred shares

² Non-voting preference shares

^{##} Company classified as assets held for sale

Notes to the Financial Statements

50 Principal subsidiaries (continued)

As at 30 June 2013

	Registered/ fully paid capital	Attributable interest ^o (%)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operate in the PRC</i>				
Anshan New World Department Store Co., Ltd.	RMB25,000,000	-	72	Department store operation
Beijing Dongfang Huamei Real Estate Development Co., Ltd.	RMB200,000,000	-	64	Land development
Beijing Lingal Real Estates Development Co., Ltd.	US\$13,000,000	-	70	Property sales
Beijing New World Liying Department Store Co., Ltd.	RMB8,787,930	-	72	Department store operation
Beijing New World Qianzi Department Store Co., Ltd.	HK\$60,000,000	-	72	Department store operation
Beijing New World Trendy Department Store Co., Ltd.	RMB25,000,000	-	72	Department store operation
Beijing NW Project Management Consultancy Services Limited	RMB1,000,000	-	100	Project management and consultancy
Beijing Shishang New World Department Store Co., Ltd.	RMB50,000,000	-	72	Department store operation
Beijing Xintong Media & Advertising Co., Ltd.	RMB100,000,000	-	83	Provision of advertising and media related services
Beijing Yixi New World Department Store Co., Ltd.	RMB65,000,000	-	72	Department store operation
Changsha New World Trendy Plaza Co., Ltd.	RMB60,000,000	-	72	Department store operation
Chaoming (Chongqing) Investment Company Limited	US\$78,000,000	-	61	Investment holding
Chengdu New World Department Store Co., Ltd.	RMB20,000,000	-	72	Department store operation
Chengdu Xinyi Real Estate Development Co., Ltd.	US\$99,500,000	-	51	Property development
Chongqing New World Department Store Co., Ltd.	RMB100,000,000	-	72	Department store operation
Dalian New World Plaza International Co., Ltd.	RMB58,000,000	-	62	Property investment and development
Dalian New World Tower Co., Ltd.	US\$162,150,000	-	70	Property investment, development and hotel operation
Foshan Country Club Co., Ltd.	US\$52,923,600	-	59	Golf club operation
Foshan Country Real Estate Development Co., Ltd.	RMB638,030,000	-	59	Property development
Foshan Da Hao Hu Real Estate Development Co., Ltd.	RMB1,278,558,000	-	59	Property development

Notes to the Financial Statements

50 Principal subsidiaries (continued)

As at 30 June 2013

	Registered/ fully paid capital	Attributable interest ^o (%)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operate in the PRC</i> (continued)				
Foshan Gaoming Xinming Bridge Co., Ltd.	RMB60,000,000	-	18	Operation of toll bridge
Guangxi Beiliu Xinbei Highways Co., Ltd.	RMB59,520,000	-	61	Operation of toll road
Guangxi Rongxian Xinrong Highways Limited	RMB57,680,000	-	61	Operation of toll road
Guangxi Yulin Xinye Highways Co., Ltd.	RMB63,800,000	-	37	Operation of toll road
Guangxi Yulin Xinyu Highways Co., Ltd.	RMB96,000,000	-	40	Operation of toll road
Guangzhou Fong Chuen-New World Property Development Ltd.	RMB330,000,000	-	70	Property development
Guangzhou Jixian Zhuang New World City Garden Development Limited	US\$24,000,000	-	70	Property development
Guangzhou Metropolitan Properties Co., Ltd.	HK\$140,000,000	100	100	Property investment
Guangzhou New World Properties Development Co., Ltd.	HK\$220,000,000	100	100	Property investment
Guangzhou Xin Hua Chen Real Estate Co., Ltd.	RMB200,000,000	-	70	Property development
Guangzhou Xin Hua Jian Real Estate Co., Ltd.	RMB244,000,000	-	70	Property development
Guangzhou Xin Sui Tourism Centre Ltd.	HK\$100,000,000	-	70	Property development
Guangzhou Xin Yi Development Limited	HK\$286,000,000	-	63	Property investment and development
Guiyang New World Real Estate Co., Ltd.	US\$206,350,000	-	85	Property development
Haikou New World Housing Development Ltd.	US\$8,000,000	-	70	Property development
Hangzhou Guoyi Expressway and Bridge Management Co., Ltd.	US\$320,590,000	-	58	Operation of toll road
Harbin New World Department Store Co., Ltd.	RMB126,000,000	-	72	Department store operation
Huamei Wealth (Beijing) Technology Co., Ltd.	RMB640,000,000	-	70	Property investment
Hubei New World Department Store Co., Ltd.	RMB50,000,000	-	72	Department store operation

Notes to the Financial Statements

50 Principal subsidiaries (continued)

As at 30 June 2013

	Registered/ fully paid capital	Attributable interest ^o (%)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operate in the PRC</i> (continued)				
Hunan Fortune Lake Property Development Co., Ltd.	RMB55,800,000	-	70	Property development
Hunan Success New Century Investment Company Limited	RMB646,000,000	-	81	Property development
Jiangsu New World Department Store Co., Ltd	RMB16,000,000	-	72	Department store operation
Jinan New World Sunshine Development Ltd.	US\$69,980,000	-	70	Property development
K11 Business Services (Wuhan) Limited	RMB500,000	-	100	Business services
K11 Concepts (Beijing) Limited	RMB8,000,000	-	100	Business consultancy
K11 Concepts (Shanghai) Limited	RMB5,000,000	-	100	Business consultancy
Langfang New World Properties Development Co., Ltd	US\$52,700,000	-	70	Property development
Langfang Xin Zhong Properties Development Co., Ltd.	US\$38,200,000	-	70	Property development
Lanzhou New World Department Store Co., Ltd.	RMB22,282,260	-	72	Department store operation
Mianyang New World Department Store Co., Ltd.	RMB14,000,000	-	72	Department store operation
Nanjing New World Real Estate Co., Ltd.	US\$45,339,518	-	70	Property investment
New World Anderson (Tianjin) Development Co., Ltd.	US\$5,500,000	-	70	Property investment
New World (Anshan) Property Development Co., Ltd.	RMB1,420,000,000	-	70	Property development
New World (China) Investment Limited	US\$130,000,000	-	100	Investment holding
New World China Land (Haikou) Limited	US\$440,000,000	-	70	Property investment and development
New World China Land Investments Company Limited	US\$80,000,000	-	70	Investment holding
New World Department Store (China) Co., Ltd.	RMB50,000,000	-	72	Department store operation
New World Department Stores Investment (China) Co., Ltd.	US\$80,000,000	-	72	Investment holding
New World Development (Wuhan) Co., Ltd.	US\$112,000,000	-	70	Property investment and development

Notes to the Financial Statements

50 Principal subsidiaries (continued)

As at 30 June 2013

	Registered/ fully paid capital	Attributable interest ^o (%)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operate in the PRC</i> (continued)				
New World Goodtrade (Wuhan) Limited	US\$188,000,000	-	70	Property investment and development
New World Hotel Management (Shanghai) Ltd.	RMB500,000	-	70	Hotel management consultancy services
New World (Shenyang) Property Development Limited	RMB3,608,103,081	-	63	Property investment and development
New World Strategic (Beijing) Investment Consultancy Limited	US\$2,400,000	-	100	Investment consultancy
Ningbo Firm Success Consulting Development Co., Ltd.	US\$5,000,000	-	72	Investment holding and provision of consultancy services
Ningbo New World Department Store Co., Ltd.	RMB40,000,000	-	72	Department store operation
Ningbo New World Trendy Department Store Co., Ltd.	RMB20,000,000	-	72	Department store operation
Peak Moral High Commercial Development (Shanghai) Co., Ltd.	US\$40,000,000	-	72	Property investment and shopping mall operation
Shanghai New World Caizi Department Store Co., Ltd.	RMB50,000,000	-	72	Department store operation
Shanghai New World Caixuan Department Store Co., Ltd.	RMB30,000,000	-	72	Department store operation
Shanghai New World Department Store Co., Ltd.	RMB18,000,000	-	72	Department store operation
Shanghai New World Huiya Department Store Co., Ltd.	RMB40,000,000	-	72	Department store operation
Shanghai New World Huiying Department Store Co., Ltd.	HK\$50,000,000	-	72	Department store operation
Shanghai New World Trendy Plaza Co., Ltd.	RMB50,000,000	-	72	Department store operation
Shanghai New World Xinying Department Store Co., Ltd.	HK\$100,000,000	-	72	Department store operation
Shanghai Ramada Plaza Ltd.	US\$42,000,000	-	70	Property investment and hotel operation
Shanghai Trio Property Development Co., Ltd.	US\$81,000,000	-	70	Property development and investment
Shanxi Xinda Highways Ltd.	RMB49,000,000	-	37	Operation of toll road
Shanxi Xinhuang Highways Ltd.	RMB56,000,000	-	37	Operation of toll road
Shenyang New World Department Store Ltd.	RMB30,000,000	-	72	Department store operation

Notes to the Financial Statements

50 Principal subsidiaries (continued)

As at 30 June 2013

	Registered/ fully paid capital	Attributable interest ^o (%)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operate in the PRC</i> (continued)				
Shenyang New World Xin Hui Properties Co., Ltd. (Formerly: Shenyang New World Hotel Co., Ltd.)	RMB501,520,000	-	70	Property development
Shenyang Trendy Property Company Limited	RMB27,880,000	-	72	Property investment
Shenzhen New World Xianglong Network Technology Company Limited	RMB550,000,000	-	100	Exploration of wireless telecommunication network
Shenzhen Top One Real Estate Development Co., Ltd.	HK\$150,000,000	-	70	Property development
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$294,000,000	-	70	Property development
Tang Shan New World Property Development Co., Ltd.	US\$45,000,000	-	70	Property development
Tianjin New World Department Store Co., Ltd.	US\$5,000,000	-	72	Department store operation
Tianjin New World Housing Development Co., Ltd.	RMB80,000,000	-	70	Property development
Tianjin New World Properties Development Co., Ltd.	US\$91,000,000	-	70	Property development
Tianjin New World Trendy Plaza Co., Ltd.	RMB30,000,000	-	72	Department store operation
Tianjin Xin Guang Development Co., Ltd.	US\$4,500,000	-	70	Property investment
Wuhan New World Department Store Co., Ltd.	US\$15,630,000	-	72	Property investment and department store operation
Wuhan New Eagle Enterprises Co., Limited	US\$2,830,000	-	70	Property investment
Wuhan New World Caixuan Department Store Co., Ltd.	RMB75,000,000	-	72	Department store operation
Wuhan New World Trendy Department Store Co., Ltd.	RMB80,000,000	-	72	Department store operation
Wuhan New World Trendy Plaza Co., Ltd.	RMB50,000,000	-	72	Department store operation
Wuhan Xinhan Development Co., Ltd.	US\$16,000,000	-	70	Property development
Wuzhou Xinwu Highways Limited	RMB72,000,000	-	32	Operation of toll road

Notes to the Financial Statements

50 Principal subsidiaries (continued)

As at 30 June 2013

	Registered/ fully paid capital	Attributable interest ^o (%)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operate in the PRC</i> (continued)				
Xiamen New World Xiangyu Warehouse & Processing Zone Limited	US\$500,000	-	61	Management consultation
Xi'an New World Department Store Co., Ltd.	RMB21,993,832	-	72	Department store operation
Yancheng New World Department Store Co., Ltd.	HK\$40,000,000	-	72	Department Store operation
Yunnan New World Department Store Co., Ltd.	RMB10,000,000	-	72	Department store operation
Zhaoqing New World Property Development Limited	US\$13,750,000	-	70	Property development
Zhengzhou New World Department Store Co., Ltd.	RMB50,000,000	-	72	Department store operation
<i>Incorporated and operate in Macau</i>				
Barbican (Macau) Limited	MOP25,000	-	61	Construction
Hip Hing Engineering (Macau) Company Limited	MOP100,000	-	61	Construction
Ngo Kee (Macau) Limited	MOP25,000	-	61	Construction
Vibro (Macau) Limited	MOP1,000,000	-	61	Foundation works
<i>Incorporated and operates in the US</i>				
Rosewood Hotels and Resorts, L.L.C.	US\$260,623,748	-	70	Hotel management

^o Profit or cash sharing percentage was adopted for certain PRC entities

Notes to the Financial Statements

50 Principal subsidiaries (continued)

As at 30 June 2013

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share	To the Company	To the Group	
<i>Incorporated in Bermuda and operates in Hong Kong</i>					
NWS Holdings Limited	3,675,625,438	HK\$1	41	61	Investment holding
<i>Incorporated in the British Virgin Islands</i>					
Beauty Ocean Limited	1	US\$1	-	61	Investment holding
Brilliant Alpha Investment Limited	1	US\$1	-	70	Investment holding
China Sincere Limited	1	-	-	72	Financing
Citiplus Investment Limited	1	US\$1	100	100	Investment holding
Ease Kind Development Limited	1	US\$1	-	100	Property development
Esteemed Sino Limited	1	US\$1	-	70	Investment holding
Ever Brisk Limited	1	US\$1	-	70	Investment holding
Fine Reputation Incorporated	10,000	US\$1	-	100	Investment holding
Fortune Star Worldwide Limited	100	US\$1	-	70	Investment holding
Fotland Limited	1	US\$1	-	100	Investment holding
Goodtrade Enterprises Limited	1	US\$1	-	70	Investment holding
HH Holdings Corporation	600,000	HK\$1	61	61	Investment holding
Hing Loong Limited	20,010,000	US\$1	-	100	Investment holding
Hinto Developments Limited	1	US\$1	-	70	Investment holding
Ideal Global International Limited	1	US\$1	-	61	Investment holding
K11 Group Limited	1	HK\$1	100	100	Investment holding
Lotsgain Limited	100	US\$1	-	100	Investment holding
Magic Chance Limited	1	US\$1	-	70	Investment holding
Moscan Developments Limited	1	US\$1	-	61	Investment holding
New World Capital Finance Limited	1	US\$1	100	100	Bond issuer
New World Enterprise Holdings Limited	1	US\$1	100	100	Investment holding
New World Hotels Corporation Limited	1	US\$1	-	64	Investment holding
New World Hotel Management (BVI) Limited	1,000	US\$1	-	70	Investment holding
NWD (MTN) Limited	1	US\$1	100	100	Bond issuer
NWS CON Limited	1	HK\$1	-	61	Investment holding
NWS Construction Limited	190,000	US\$0.1	-	61	Investment holding
	10,000*	US\$0.1	-	-	
NWS Infrastructure Bridges Limited	1	US\$1	-	61	Investment holding
NWS Infrastructure Power Limited	1	US\$1	-	61	Investment holding
NWS Infrastructure Roads Limited	1	US\$1	-	61	Investment holding

Notes to the Financial Statements

50 Principal subsidiaries (continued)

As at 30 June 2013

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share	To the Company	To the Group	
<i>Incorporated in the British Virgin Islands (continued)</i>					
NWS Infrastructure Water Limited	1	US\$1	-	61	Investment holding
NWS Ports Management (Haicang) Limited	1	US\$1	-	61	Investment holding
Penta Enterprises Limited	1	US\$1	100	100	Investment holding
Radiant Glow Limited	1	US\$1	-	70	Investment holding
Right Choice International Limited	200	US\$1	-	45	Property investment
Right Heart Associates Limited	4	US\$1	-	61	Investment holding
Righteous Corporation	1	US\$1	-	61	Investment holding
Rosy Unicorn Limited	1	US\$1	-	61	Financing
Silvery Castle Limited	1	US\$1	-	61	Financing
Sparkling Rainbow Limited	1	US\$1	-	70	Investment holding
Steadfast International Limited	2	US\$1	100	100	Investment holding
Stockfield Limited	1	US\$1	-	61	Investment holding
Sweet Prospects Enterprises Limited	1	US\$1	-	70	Investment holding
True Blue Developments Limited	1	US\$1	-	70	Investment holding
Twin Glory Investments Limited	1	US\$1	-	70	Investment holding
Upper Start Holdings Limited	1	US\$1	-	100	Investment holding
Winner World Group Limited	10	US\$1	100	100	Investment holding
<i>Incorporated in the British Virgin Islands and operate in Hong Kong</i>					
Best Star (BVI) Investments Limited (Formerly: Best Star Investments Limited)	1	US\$1	-	61	Investment holding
Creative Profit Group Limited	1	US\$1	-	61	Investment holding
Economic Velocity Limited	1	US\$1	-	61	Investment holding
Fita International Limited	1	-	100	100	Bond issuer
Forever Great Development Limited	1	US\$1	-	61	Investment holding
Great Start Group Corporation	1	US\$1	-	61	Investment holding
Hetro Limited	101	US\$1	-	61	Investment holding
Lucky Strong Limited	1	US\$1	-	61	Investment holding
New World Strategic Investment Limited	1	US\$1	100	100	Investment holding
NWS Financial Management Services Limited	1	US\$1	-	61	Investment holding
NWS Infrastructure Management Limited	2	US\$1	-	61	Investment holding
NWS (MTN) Limited	1	US\$1	-	61	Financing
NWS Ports Management Limited	2	US\$1	-	61	Investment holding

Notes to the Financial Statements

50 Principal subsidiaries (continued)

As at 30 June 2013

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share	To the Company	To the Group	
<i>Incorporated in the British Virgin Islands and operate in Hong Kong (continued)</i>					
Park New Astor Hotel Limited	101	US\$1	-	100	Property investment
Sherson Limited	1	-	100	100	Bond issuer
Shine Fame Holdings Limited	1	US\$1	-	61	Operation of logistics centre
South Scarlet Limited	1	US\$1	100	100	Hotel operation
Sunny Start Group Limited	1	US\$1	-	61	Investment holding
Tin Fook Development Limited	1	US\$1	-	61	Investment holding
Vimanda Profits Limited	2	US\$1	100	100	Property investment
<i>Incorporated in the British Virgin Islands and operates in the PRC</i>					
Nacaro Developments Limited	2	US\$1	100	100	Property Investment

[#] Represented ordinary share capital, unless otherwise stated

^{*} Redeemable, non-convertible and non-voting preference shares

51 Principal jointly controlled entities

As at 30 June 2013

	Registered/ fully paid capital	Attributable interest ^a (%)		Principal activities
		To the Company	To the Group	
Equity joint ventures				
<i>Incorporated and operate in the PRC</i>				
China United International Rail Containers Co., Limited	RMB4,200,000,000	-	18	Operation of rail container terminal and related business
Chongqing Suyu Business Development Company Limited	RMB650,000,000	-	31	Investment holding
Guangzhou Development Nansha Power Co., Ltd.	RMB370,000,000	-	13	Generation and supply of electricity
Guangzhou Oriental Power Co., Ltd.	RMB990,000,000	-	15	Generation and supply of electricity
Guangzhou Pearl River Electric Power Fuel Co., Ltd.	RMB613,361,800	-	21	Wholesale assembling and storage of fuel
Guangzhou Pearl River Power Company Limited	RMB420,000,000	-	31	Generation and supply of electricity
Guodian Chengdu Jintang Power Generation Co., Ltd.	RMB924,000,000	-	21	Generation and supply of electricity
Xiamen Haicang Xinhaida Container Terminals Co., Limited ^{##}	RMB756,000,000	-	28	Operation of container terminal
Xiamen New World Xiangyu Terminals Co., Ltd. ^{##}	RMB384,040,000	-	31	Operation of container terminal

Notes to the Financial Statements

51 Principal jointly controlled entities (continued)

As at 30 June 2013

	Registered/ fully paid capital	Attributable interest ^Ω (%)		Principal activities
		To the Company	To the Group	
Co-operative joint ventures				
<i>Incorporated and operate in the PRC</i>				
Beijing-Zhuhai Expressway Guangzhou – Zhuhai Section Company Limited	RMB580,000,000	–	15	Operation of toll road
Beijing Chong Wen-New World Properties Development Co., Ltd.	US\$225,400,000	–	49	Property investment and development
Beijing Chong Yu Real Estate Development Co., Limited	US\$171,840,000	–	49	Property investment and development
Beijing Xin Lian Hotel Co., Ltd.	US\$12,000,000	–	39	Hotel operation
China New World Electronics Ltd.	US\$57,200,000	–	49	Property investment and development
Guangzhou Northring Freeway Company Limited	US\$19,255,000	–	40	Operation of toll road
Huizhou City Huixin Expressway Company Limited	RMB34,400,000	–	31	Investment holding and operation of toll road
Huizhou New World Housing Development Limited	RMB80,000,000	–	44	Property development
New Bei Fang Hotel Ltd.	US\$12,000,000	–	56	Property investment
Tianjin Xinzhan Expressway Co., Ltd.	RMB2,539,100,000	–	55 [®]	Operation of toll road
Wuhan New World Housing Development Limited	RMB96,000,000	–	42	Property development
Wuhan Wuxin Hotel Co., Ltd.	US\$49,750,000	–	42	Hotel operation
Wuxi New City Development Co., Limited	US\$10,400,000	–	26	Hotel operation
Wholly foreign owned enterprises				
<i>Incorporated and operate in the PRC</i>				
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co. Ltd.	US\$20,820,000	–	41	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	–	44	Property development
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$108,500,000	–	35	Property investment
Wuhan New World Hotel Properties Co., Ltd.	RMB83,507,110	–	42	Property investment

^Ω Percentage of equity interest, in the case of equity joint ventures or profit sharing percentage, in the case of co-operative joint ventures

[®] Represented cash sharing ratio

^{##} Companies classified as assets held for sale

Notes to the Financial Statements

51 Principal jointly controlled entities (continued)

As at 30 June 2013

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share	To the Company	To the Group	
Companies limited by shares					
<i>Incorporated and operate in Hong Kong</i>					
ATL Logistics Centre Hong Kong Limited	100,000 ^A	HK\$1	-	34 [§]	Operation of cargo handling and storage facilities
	20,000 ^B **	HK\$1	-	49	
	54,918 [*]	HK\$1	100	100	
ATL Logistics Centre Yantian Limited	10,000	HK\$1	-	28	Investment holding
Austin Project Management Limited	1,000,000	HK\$1	-	50	Project management
China Aerospace New World Technology Limited	30,000,000	HK\$1	-	50	Investment holding
Direct Profit Development Limited	200,000	HK\$0.05	-	15	Property investment
Eminent Elite Limited	1	HK\$1	-	34	Investment holding
Far East Landfill Technologies Limited	1,000,000	HK\$1	-	29	Landfill
Fast New Limited	1,000,000	HK\$1	-	50	Property development
First Star Development Limited	100	HK\$1	-	31	Property development
Gloryland Limited	900	HK\$1	-	33	Property investment
Golden Kent International Limited	1	HK\$1	-	40	Property development
Grace Sign Limited	1,000	HK\$1	-	30	Property investment
NWS Infrastructure SITA Waste Services Limited	2	HK\$1	-	31	Investment holding
Super Lion Enterprises Limited	2	HK\$1	50	50	Property investment
Supertime Holdings Limited	100	HK\$1	-	31	Property development
Tate's Cairn Tunnel Company Limited	1,100,000	HK\$0.01	-	18	Operation of toll tunnel
	600,000,000 [*]	HK\$1	-	18	
Wincon International Limited	300,000,000	HK\$1	-	31	Investment holding
Wise Come Development Limited	30	HK\$1	-	40	Property investment

Notes to the Financial Statements

51 Principal jointly controlled entities (continued)

As at 30 June 2013

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share	To the Company	To the Group	
<i>Incorporated in the British Virgin Islands and operate in the PRC</i>					
Holicon Holdings Limited	2	US\$1	-	50	Property investment
Jaidan Profits Limited	2	US\$1	-	50	Property investment
Jorvik International Limited	2	US\$1	-	50	Property investment
Orwin Enterprises Limited	2	US\$1	-	50	Property investment
<i>Incorporated in the British Virgin Islands and operates in Hong Kong</i>					
NWS Transport Services Limited	500,000,016	HK\$1	-	31	Investment holding
<i>Incorporated in the British Virgin Islands</i>					
DP World New World Limited	2,000	US\$1	-	31	Investment holding
New World Liberty China Ventures Limited	1,134	US\$1	-	71	Investment holding
	100**	US\$1	-	-	
Newfoundworld Investment Holdings Limited	5	US\$1	-	20	Investment holding
Silvery Yield Development Limited	100	US\$1	-	34	Investment holding
Success Concept Investments Limited	1,000	US\$1	-	49 ^{&}	Investment holding
<i>Incorporated and operates in the Netherlands</i>					
Hya I B.V.	19,000	EUR1	-	31	Manufacturing and supply of components used in hydraulic loading and unloading systems
<i>Incorporated in Hong Kong and operates in Macau and Mainland China</i>					
Sino-French Holdings (Hong Kong) Limited	3,748,680'A'	HK\$100	-	-	Investment holding and operation of water and electricity plants
	7,209,000'B'	HK\$100	-	61	
	3,460,320'C'	HK\$100	-	-	

[#] Represented ordinary shares, unless otherwise stated

^{*} Non-voting deferred shares

^{**} Non-voting preference shares

[&] The directors of the Company considered the Group does not have unilateral control governing the financial and operating activities over these jointly controlled entities

Notes to the Financial Statements

52 Principal associated companies

As at 30 June 2013

	Share capital issued [#]		Attributable interest ^a (%)		Principal activities
	Number	Par value per share	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong</i>					
Birkenhead Properties and Investments Limited	1,200,000	HK\$1	-	64	Property investment
Ever Light Limited	1,000	HK\$1	40	40	Property investment
GHK Hospital Limited	10	HK\$1	-	24	Healthcare
Global Perfect Development Limited	1,000,000	HK\$1	-	35	Investment holding
Global Winner Limited	2	HK\$1	-	50	Property investment
Joy Fortune Investments Limited	10,000	HK\$1	-	31	Investment holding
Pure Jade Limited	1,000	HK\$1	-	20	Property investment
Quon Hing Concrete Company Limited	200,000	HK\$100	-	31	Production and sales of ready-mixed concrete
Ranex Investments Limited	100	HK\$1	-	10	Property investment
Shun Tak Centre Limited	1,000'A'	HK\$100	-	29	Property investment
	450'B'	HK\$10	-	64	
	550'C'	HK\$10	-	-	
<i>Incorporated in the British Virgin Islands</i>					
East Asia Secretaries (BVI) Limited	300,000,000	HK\$1	-	15	Business, corporate and investor services
VMS Private Investment Partners II Limited	2,500*	US\$0.01	-	-	Securities investment
	1,493**	US\$0.01	-	61 [®]	
VMS Private Investment Partners IV Limited	1,500*	US\$0.01	-	-	Securities investment
	35**	US\$0.01	-	37 [®]	
<i>Incorporated in the British Virgin Islands and operates in Hong Kong</i>					
VMS Private Investment Partners III Limited	1,500*	US\$0.01	-	-	Securities investment
	1,107**	US\$0.01	-	61 [®]	
<i>Incorporated in Bermuda and operate in Hong Kong</i>					
CSL New World Mobility Limited	655,886,331	US\$0.3163	-	24	Provision of mobile telecommunications services
Haitong International Securities Group Limited	1,373,014,059	HK\$0.1	-	4 [^]	Investment holding
Wai Kee Holdings Limited	793,124,034	HK\$0.1	-	16	Construction
<i>Incorporated in the Cayman Islands and operates in the PRC</i>					
Newton Resources Ltd	4,000,000,000	HK\$0.1	-	29	Mining, ore processing and sale of iron concentrate

Notes to the Financial Statements

52 Principal associated companies (continued)

As at 30 June 2013

	Registered/ fully paid capital	Attributable interest ^Ω (%)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operate in the PRC</i>				
Chongqing Silian Optoelectronics Science And Technology Co., Ltd.	RMB500,000,000	-	12	Manufacturing and sale of sapphire substrate and water, LED packaging and application
Hangzhou Ring Road Expressway Petroleum Development Co., Ltd	RMB10,000,000	-	23	Operation of gasoline station
Tianjin Five Continents International Container Terminal Co., Ltd.	RMB1,145,000,000	-	11[^]	Operation of container terminal
Zhaoqing Yuezhao Expressway Co., Ltd.	RMB818,300,000	-	15	Operation of toll road

Represented ordinary shares, unless otherwise stated

Ω Percentage of equity interest, in the case of equity joint ventures or profit sharing percentage, in the case of co-operative joint ventures

* Voting, non-participating, non-redeemable management shares

** Non-voting, redeemable participating shares

[^] The directors of the Company considered the Group has significant influence over Tianjin Five Continents International Container Terminal Co., Ltd ("TFCI") and Haitong International Securities Group Limited through its representatives on board of directors of TFCI and Haitong International Securities Group Limited respectively

⊗ The directors of the Company considered the Group has significant influence over these companies through its representative on the investment committee which governs the daily financial, operational and investment decisions

Five-Year Financial Summary

For the year ended 30 June 2013

Consolidated Income Statement

For the year ended 30 June

	2013 HK\$m	2012 HK\$m	2011 HK\$m	2010 HK\$m	2009 HK\$m
Revenues	46,779.9	35,620.1	32,882.0	30,218.6	24,415.0
Operating profit	19,286.7	16,115.0	12,285.7	13,683.7	2,329.4
Net financing costs	(695.2)	(513.5)	(465.9)	(338.4)	(261.6)
Share of results of jointly controlled entities and associated companies	4,719.7	3,120.1	3,758.0	4,226.7	2,123.5
Profit before taxation	23,311.2	18,721.6	15,577.8	17,572.0	4,191.3
Taxation	(4,794.8)	(4,400.5)	(2,833.8)	(1,904.3)	(439.4)
Profit for the year	18,516.4	14,321.1	12,744.0	15,667.7	3,751.9
Non-controlling interests	(4,367.7)	(4,182.1)	(3,590.1)	(3,269.1)	(1,668.4)
Profit attributable to shareholders of the Company	14,148.7	10,139.0	9,153.9	12,398.6	2,083.5
Dividends per share (HK\$)					
Interim	0.12	0.10	0.10	0.10	0.09
Final	0.30	0.28	0.28	0.28	0.21
Full year	0.42	0.38	0.38	0.38	0.30
Earnings per share (HK\$)					
			(Adjusted)		
Basic	2.28	1.88	2.10	3.19	0.55
Diluted	2.24	1.85	2.04	3.07	0.53

Earnings per share for the years ended 30 June 2009 and 2010 have not been adjusted to reflect the effect of rights issue of the Company and New World China Land Limited, a subsidiary of the Group during the year ended 30 June 2012.

Five-Year Financial Summary

For the year ended 30 June 2013

Consolidated Statement of Financial Position

As at 30 June

	2013 HK\$m	2012 HK\$m	2011 HK\$m	2010 HK\$m	2009 HK\$m
Assets					
Investment properties, property, plant and equipment and land use rights and intangible concession rights	105,762.3	92,014.1	66,808.7	53,519.0	44,246.5
Intangible assets	4,139.3	4,120.9	1,754.7	1,490.1	1,684.0
Investments in jointly controlled entities, associated companies and other non-current assets	96,148.5	84,543.1	77,322.0	65,247.3	59,264.0
Current assets	126,139.0	105,693.6	83,230.0	79,723.7	71,606.5
Total assets	332,189.1	286,371.7	229,115.4	199,980.1	176,801.0
Equity					
Share capital	6,311.6	6,151.1	3,990.1	3,918.0	3,867.3
Reserves	130,925.5	115,669.0	98,673.1	84,377.5	71,988.4
Proposed final dividend	1,893.5	1,722.8	1,117.2	1,097.0	812.1
Shareholders' funds	139,130.6	123,542.9	103,780.4	89,392.5	76,667.8
Non-controlling interests	38,614.4	34,497.8	30,588.2	25,493.8	23,204.3
Total equity	177,745.0	158,040.7	134,368.6	114,886.3	99,872.1
Current liabilities	65,146.8	50,691.2	49,864.6	40,806.9	43,222.4
Non-current liabilities	89,297.3	77,639.8	44,882.2	44,286.9	33,706.5
Total equity and liabilities	332,189.1	286,371.7	229,115.4	199,980.1	176,801.0

Glossary of Terms

General Terms

FY	Fiscal year, 1 July to 30 June
Group	New World Development Company Limited and its subsidiaries
HIBOR	Hong Kong Interbank Offered Rate
HK	Hong Kong
HK\$	Hong Kong dollar(s), the lawful currency of Hong Kong
HK\$ billion	billion of Hong Kong Dollars
HK\$ million or HK\$m	million of Hong Kong Dollars
HKEx or Stock Exchange	The Stock Exchange of Hong Kong Limited
Listing Rules	Rules Governing the Listing of Securities on the HKEx
Mainland China	The People's Republic of China excluding Hong Kong, Macau and Taiwan for the purposes of this annual report
MTR	Mass Transit Railway
N/A or n/a	not applicable
Company or New World or NWD	New World Development Company Limited
NWCL or New World China Land	New World China Land Limited
NWDS or New World Department Stores	New World Department Store China Limited
NWTMT or New World TMT	New World TMT Limited
NWSH or NWS Holdings	NWS Holdings Limited
NWT or New World Telecommunications	New World Telecommunications Limited
PRC	The People's Republic of China
RMB	Renminbi, the lawful currency of PRC
TBD	To be determined
US	The United States of America
US\$ or USD	United States dollar(s), the lawful currency of US

Financial Terms

Gearing Ratio	Net Debt divided by total equity
Net Debt	The aggregate of bank loans, other loans, fixed rate bonds and convertible bonds less cash and bank balances
Total Debt	Net Debt plus cash and bank balances

Technical Terms

Assoc. Co.	Associated company
CJV	Co-operative joint venture
EJV	Equity joint venture
JCE	Jointly controlled entities
WFOE	Wholly foreign owned enterprises

Measurements

Km	kilometre(s)
m ³	cubic metre
MW	megawatt(s), equal to 1,000kW
sq ft	square feet
sq m	square metre
TEU or TEUs	Twenty-Foot Container Equivalent Unit



New World Development Company Limited

30/F, New World Tower, 18 Queen's Road Central, Hong Kong

Tel: (852) 2523 1056 Fax: (852) 2810 4673

www.nwd.com.hk

New World Development Company Limited takes every practicable measure to conserve resources and minimise waste.

