

2014

Annual Report



New World Development Company Limited
(Stock Code: 0017)

ONE STEP FORWARD

WE CREATE NEW LIVING EXPERIENCE

Design Concept

Based on simple sign of triangle, the design scheme means START, GO, FORWARD. Through the stylish graphic presentation and printing effect, we aim to deliver a new fresh image to the audience.

Disclaimer

The photographs, images, drawings or sketches shown in this annual report represent an artist's impression of the development concerned only. They are not drawn to scale and/or may have been edited and processed with computerised imaging techniques. Prospective purchasers should make reference to the sales brochure for details of the development. The vendor also advises prospective purchasers to conduct an on-site visit for a better understanding of the development site, its surrounding environment and the public facilities nearby.

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.

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CORPORATE STRUCTURE



New World Development Company Limited

(HK stock code: 0017)

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

**NEW WORLD CHINA
LAND LIMITED**

(HK stock code: 0917)

- Mainland property (development & investment)
- Hotel management services

**NEW WORLD
DEPARTMENT STORE
CHINA LIMITED**

(HK stock code: 0825)

- Mainland department store

NWS HOLDINGS LIMITED

(HK stock code: 0659)

- Infrastructure
- Service

FINANCIAL HIGHLIGHTS

	FY2014 HK\$m	FY2013 HK\$m
Revenues	56,501.1	46,779.9
Segment results ⁽¹⁾	16,796.6	15,346.1
Profit before taxation	19,076.0	23,311.2
Changes in fair value of investment properties	1,425.5	7,460.8
Profit attributable to shareholders of the Company	9,725.4	14,148.7
Underlying profit	6,506.7	6,327.3
Basic earnings per share (HK\$)	1.37	2.14
Dividend per share (HK cents)		
Interim	12.0	12.0
Final	30.0	30.0
Full-year	42.0	42.0
	As at 30 June 2014 HK\$m	As at 30 June 2013 HK\$m
Total assets	369,227.4	332,189.1
Net debt ⁽²⁾	54,738.8	62,493.0
Gearing ratio ⁽³⁾	27.3%	35.2%

Remarks:

- (1) Segment results include share of results of joint ventures and associated companies (excluding changes in fair value in investment properties)
- (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

The “One Step Forward” notion of New World has become intrinsic to the Group’s core values as well as the working attitude of the team.

To Our Shareholders,

Many a time, the key to success depends on the interplay between decision-making and timing. It has long been the hope of mankind that any decisions can generate or bring forth positive outcome. In their co-published *Theory of Games and Economic Behaviour* in 1944, mathematician John von Neumann and economist Oskar Morgenstern proposed an interactive model based on mathematical theories to study how a rational person makes his most rational decision under intricate interactive behaviours. This analysis laid a foundation upon which Game Theory, a key tool for modern-day economic analysis, is based.

Life is, indeed, a game of choices. By intuition, experience or even emotion, people make their decisions, deriving success from correct choices and negative experience from ill-thought ideas. Whilst scientific calculation provides the best choice which is considered more appropriate, wide-ranging elements determine the behaviours of human decisions. Instead of employing common assessment standards to distinguish good decisions from bad ones and right decisions from wrong ones, sometimes it is merely a matter of discussions from different viewpoints and perspectives. Even for the same issue, the same entity may make bad choices for the first time and reach completely

different decisions for the second time, with the application of experience, correction of methods, or even emergence of opportunities coming into play.

For decision-making in operating a modern-day enterprise, it is always contemplated in a leader’s mind as to how to lead the team to step forward and bring them from their original points to a new horizon, making improvements and achievements together. Apart from detailed planning and adequate preparation, in order to achieve such a goal, the key is whether a leader possesses the commitment and boldness in making forward-looking decisions, and the decisiveness and flexibility in promptly correcting himself when facing hindrances and obstructions.

“A battle is, in effect, a contest between two wills – your own and that of the enemy general. The matter of ‘decision’ is vital. The modern tendency is to avoid taking decisions, and to procrastinate in the hope that things will come out all right in the wash.”, said Bernard Montgomery, a famous militarist, in his remarks on decision-making, which pinpointed bold decisions as the only elements enabling first-mover advantages and distinguished positions, and leading to greater foresight and greater steps ahead of other people.



The Group has been under innovative development in recent years. The sound collaboration of the team has contributed to obvious accomplishments in uplifting the efficiency in operation, management as well as brand equity continuously. The bold decision-making and the great foresight of the management has also led the Group in establishing many of its milestones. For property sales in Hong Kong, for example, the Group managed to comprehend users' preferences and grasp opportunities at different points of time by boldly launching a number of quality residential projects successively in response to market needs. That included "Park Signature", which was the first large-scale residential project with more than 1,000 residential flats launched to the market after the implementation of the Residential Properties (First-hand Sales) Ordinance on 29 April 2013; and also included "The Austin", a high-end project in South West Kowloon, which was completely sold within one month of its launch in the midst of a prevalent bearish market outlook on the property market.

The management's outstanding execution capability and possessing of pioneering qualities have brought tremendous breakthroughs to the Group's market share in local residential property sales in Hong Kong. For FY2014, the Group's attributable contracted sale of residential properties reached an industry-leading amount of HK\$20.6 billion, while its product quality and general quality attainment were highly recognised by professionals in a number of occasions.

The "One Step Forward" notion of New World has become intrinsic to the Group's core values as well as the working attitude of the team. Boldness in decision-making and flexibility in its management will enable the team to embrace each and every opportunity for development in future. Adhering to its creative and flexible mindset, the Group will work on the sound brand name of New World, deliver new living experience for residents, and maximise the interests of our stakeholders.

Dr. Cheng Kar-Shun, Henry
Chairman
24 September 2014

JOINT GENERAL MANAGERS' REPORT



ENRICH PEOPLE'S LIVING THROUGH SUPREME PRODUCTS

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.

Property

The brand of New World Group as a developer of quality properties is enhancing. We strive to deliver best choices to home buyers.

Hong Kong Property Development

Since the second half of 2013, residential property sales in Hong Kong have regained momentum, mainly following the market's gradual adaptation of the cooling measures which have been rolled out by the Hong Kong SAR Government and the Hong Kong Monetary Authority since 2010. At the same time, as property developers became gradually familiarised with the Residential Properties (First-hand Sales) Ordinance which came into effect on 29 April 2013. They started to launch new residential projects at increasingly blistering pace since the fourth quarter of 2013, in response to the accelerating demand for home ownership during a time of low interest rates and under solid economic fundamentals. In mid-May 2014, the government proposed the relaxation of the doubled ad valorem stamp duty applicable to upgraders. Such adjustments to the existing policy provide flexibility to home buyers in funding arrangements. Overall sentiment was positive for some premium projects launched after the policy adjustments.



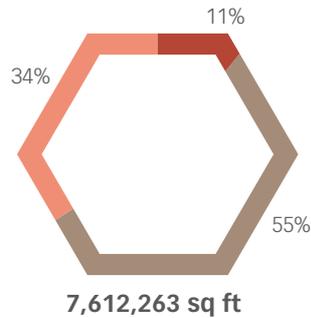
Hong Kong's first-hand residential market remains robust, the recovery of the second-hand residential market favoured by policy adjustments, and developers' proactive launches of new projects are gradually powering up the entire chain of property sales. It is anticipated that the performance of local residential market will remain strong in the second half of 2014 if developers are to adopt proper sales strategies and appropriate project positioning, in light of the three

key favourable factors namely low-interest environment, solid economic fundamentals of Hong Kong and the financial strengths of home buyers in this user-dominated market.

The brand of New World Group as a developer of quality properties is enhancing. The unique designs, use of high-quality materials and the customised services, together with careful planning and heartfelt management in the early stage of

Hong Kong landbank Attributable GFA

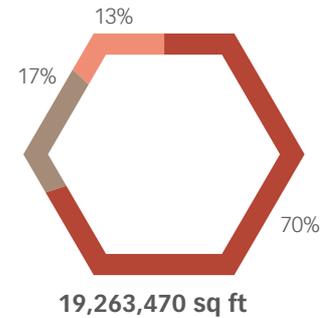
As at 30 June 2014



- Hong Kong Island
- Kowloon
- New Territories

Hong Kong agricultural landbank Attributable land area

As at 30 June 2014



- North West New Territories
- Sai Kung & Others
- North East New Territories

project development, contribute to the diversity and competitive edge of the Group's products in terms of locations, positioning and product experience, delivering the best choices to home buyers.

During the year under review, the Group beat its original sales target of HK\$10.0 billion attributable contracted sales for FY2014, eventually attaining HK\$20.6 billion. The Group's brand awareness, sales performance and product quality are widely recognised by the market.

For FY2014, the Group's segment contributions from property sales in Hong Kong was primarily attributable to the sales of residential units completed or obtained the occupation permit within this financial year, including "The Woodsville", "Park Signature" and "The Reach" in Yuen Long, as well as "The Riverpark" in Sha Tin and "Double Cove" in Ma On Shan which were completed in the past financial year.





In July and August 2013, the Group launched two agricultural land conversion projects which are wholly owned and developed by the Group, namely “The Woodville” and “Park Signature” in Yuen Long, receiving overwhelming responses from the market. “The Reach”, a joint-development project in Yuen Long which had already been launched to market previously, was re-launched in August 2013 with satisfactory sales progress.

“The Austin” in South West Kowloon, a large-scale, high-end urban development joint-development project, is highly appealing to home-buyers in 2013. Since its first launch on 26 October 2013, all residential units were sold out in less than a month, generating a total sales proceeds of HK\$9,948.0 million which is recognised by the market as a big success.

The Group’s wholly owned old building redevelopment project “EIGHT SOUTH LANE” in Western District was launched in December 2013. Based upon a Bohemian Urbanites concept of development, and with the participation of renowned international



design teams, the uniqueness of the project is further depicted. The joint-development project "Double Cove Starview" in Ma On Shan was also launched to the market in January 2014. Approximately 93% of the residential units of these two projects had been sold as at 14 September 2014.

In 2014, the Group launched a joint-development project "Grand Austin", which is adjacent to "The Austin". Riding on the successful sales momentum of "The Austin", over 99% of the residential units of "Grand Austin" were successfully sold up to 14 September 2014, recording a total sales proceeds of HK\$15,126.0 million.

The Group has actively reviewed its plan of launching new residential projects by assessing market

conditions and the needs of the home-buyers. In late July 2014, the Group was granted the pre-sale consent for the joint-development project "THE PAVILIA HILL" in Tin Hau and the pre-sales preparation is in progress. Located in a prestigious school zone on Hong Kong Island covering numerous top-notch schools, the project offers 358 residential units.

For "The Masterpiece", which is a landmark luxury residential project located in a prime location in Tsim Sha Tsui, the sales brochure has been readily available. Only 29 special units are now left for sale, including 13 simplex units and 16 duplex units. For Phase 3 of Lok Wo Sha project "Double Cove Starview Prime" in Ma On Shan, which is a joint-development project, the pre-sale consent was granted in mid-September 2014. It is expected



that these new projects will be the new drivers for the Group's property sales.

Hong Kong Landbank

Since the commencement of its fourth term, the Hong Kong SAR Government has in a number of occasions stated its mission of providing continual stable supply of land for residential purposes to meet the housing needs of different sectors of the community. MTR Corporation Limited and the Urban Renewal Authority have also attempted to expedite the launch of



projects for tendering to align with government policy direction.

However, in view of the existing scarcity of land supply, the competition is fierce in obtaining project development rights through public tenders. As such, the Group has used multiple channels to replenish its landbank. Apart from public auction and tender, the Group has also pursued diversified and flexible means for development, including old building acquisition as well as agricultural land conversion to actively replenish land resources being consumed. It is by such long-term strategic planning in land acquisitions that a stable supply of land will be available to the Group for property development in the long run.

In the past, the Group has been actively carrying out large-scale old building acquisitions and agricultural land conversions. The Group has completed the acquisition of several

residential projects on Hong Kong Island in recent years. In particular, two large-scale projects, namely Kai Yuen Lane project in North Point and New Eastern Terrace project (launched under the project name of "THE PAVILIA HILL") in Tin Hau providing more than 960,000 sq ft GFA for development, earmark the Group a pioneer with concrete experience in conducting large-scale old building redevelopment in the industry. Meanwhile, the Group has also launched a number of quality development projects converted from agricultural land in recent years, for example "The Woodville", "Park Signature" and "The Woodside" in Yuen Long, and "Double Cove" and "Double Cove Starview" in Ma On Shan. It is anticipated that the Clear Water Bay Road project will be launched in FY2015 to provide over 1 million sq ft GFA, making it the largest residential development project in terms of floor area among all

agricultural land conversion projects approved by the government since the fourth quarter of 2010.

During the year under review, the Group has completed two old building acquisitions on Hong Kong Island with total GFA of over 180,000 sq ft, namely Des Voeux Road West project and Sai Yuen Lane project, both located in Western District. The title unification of Kut Cheong Mansion project in North Point was completed in the third quarter of 2014. The site area of the project is approximately 32,500 sq ft. The abovementioned old building acquisitions further enhance the Group's property portfolio on Hong Kong Island, which facilitate project positioning and sales strategies development.

During the year under review, acquisition of over 80% ownership of 4A-4P Seymour Road in Mid-



Levels has been completed under a joint-development old building redevelopment project that the Group has 35% stake. The site area is 52,466 sq ft. On the basis of the government's latest city planning, the expected attributable GFA of this project upon redevelopment is approximately 165,300 sq ft. The project ownership will be consolidated upon proceeding to the court for compulsory sale under the "Land (Compulsory Sale for Redevelopment) Ordinance". If legal procedures go smoothly and in the absence of unforeseen delays, the project is expected to be available for sale in 2016 and beyond.

As at 30 June 2014, the Group possessed a landbank with attributable GFA of around 7.6 million sq ft for immediate development. Of which, attributable GFA for residential property development amounted to approximately 4.2 million sq ft. Meanwhile, the Group had a total of approximately 19.3 million sq ft of attributable agricultural land area reserve pending for conversion in the New Territories, ranking it one of the developers in Hong Kong with the largest agricultural land reserve.

Landbank by location	Attributable GFA (sq ft)
Hong Kong Island	855,252
Kowloon	4,146,687
New Territories	2,610,324
Total	7,612,263

Agricultural landbank by location	Total site area (sq ft)	Attributable land area (sq ft)
Yuen Long	14,204,500	13,293,550
Fanling	2,934,000	2,523,600
Sha Tin/Tai Po	2,156,000	2,156,000
Sai Kung	1,364,000	1,170,320
Tuen Mun	120,000	120,000
Total	20,778,500	19,263,470

Hong Kong Rental Operations

According to market statistics, rental rates of Grade A office buildings in Central District, having gone through four consecutive months of decline since August 2013, rebounded from its trough in early 2014. Vacancy rate also gradually narrowed down from 4.6% to 4% during the last six months to the end of June 2014. Although the

momentum for expansion of finance and investment institutions in Europe and the U.S. is yet to improve, Chinese enterprises have been seeking office space for business development in Hong Kong in recent years, driving the continual rebounding of the demand for renting top-grade office buildings in core business districts in Hong Kong. For the first half of 2014 alone, many Super Grade A office buildings in



Central District recorded a number of leases at record-high rates by Chinese enterprises, reflecting the further accelerating expansion efforts of these corporates.

The change in the consumption pattern of visitors from Mainland China is leading to adjustment in rental strategies and tenant mix in certain districts in Hong Kong. Some operators of commercial projects are renovating their shopping malls ahead to the future market development. The rising number of consumers travelling from Mainland China and the robust local consumption power supported by low unemployment rate in Hong Kong, have contributed positively to the sales growth of the retail industry. This has also driven up the demand for renting retail shops in traditional shopping areas and emerging shopping clusters. In general, retailers are willing to invest in their existing stores in Hong Kong or to establish new flagship stores. Statistics showed

that approximately 40 international brands established their first branches or first single-branded stores in Hong Kong in 2013, reflecting their confidence in the prospects of the territory's retail market.

In FY2014, the Group's gross rental income in Hong Kong amounted to HK\$1,490.9 million. The lower year-on-year growth was mainly due to the resumption of SOGO Tsim Sha Tsui on 14 February 2014 for alterations and the overhaul renovation of Discovery Park Shopping Centre in Tsuen Wan. If stripping out the effect of the abovementioned two projects, the Group's gross rental income in Hong Kong was up 6.2% year-on-year. All major properties of the Group's investment properties portfolio attained satisfactory occupancy.

For commercial properties, Tsim Sha Tsui K11, located in a traditional core retail and tourism district, is the world's first original and high-end-living

brand to pioneer the blend of three essential elements of Art • People • Nature. Through the innovative fusion of art into daily lives, Tsim Sha Tsui K11 has successfully aroused the interest of those people seeking customised shopping experience as well as the middle class patrons. During the year under review, Tsim Sha Tsui K11 recorded an occupancy rate of almost 100%, revenues up 25% year-on-year with an average monthly pedestrian flow of over 1.2 million, the majority of which was contributed by high-spending local young customers. Pearl City, located in the trendy locality of Causeway Bay, recorded high pedestrian flow and a 100% occupancy rate, following the completion of property refinements and quality enhancement works in December 2012.

For Discovery Park Shopping Centre in Tsuen Wan, a densely-populated cross-border transportation hub in the western part of Hong Kong, the



first phase and the second phase of renovation works were completed, and the remaining two phases of renovation works are all in smooth progress. Phase 3 is expected to be completed in the third quarter of 2014. The entire renovation will be completed by 2015, upon which consumers will enjoy a totally fresh and pleasant shopping experience. In addition, benefitting from the redevelopment of Kowloon East and

the expanded population of Tseung Kwan O, Telford Plaza in Kowloon Bay and PopCorn II in Tseung Kwan O reported satisfactory rental performance driven by increasing daily patronage of local residents.

For office, New World Tower and Manning House, the Grade A office buildings located in the traditional prime commercial area on Queen's Road Central in Central, satisfactory

rental rates and rental performance were achieved, as their tenants mainly comprised medical institutes, law firms and local leading enterprises and contributed to the more stable rental performance delivered by those projects as compared to the waterfront Super Grade A office buildings in the same district. New World Tower is undergoing an asset enhancement program to meet the new market leasing demand. Its office lobbies and other major facilities will be upgraded or renovated. For Manning House, interior renovation and facilities upgrade have almost completed in 2013.

Adjacent to Hong Kong's popular tourist attraction "Avenue of Stars", New World Centre redevelopment project located at Tsim Sha Tsui promenade is currently the most important redevelopment project of the Group as well as one of the major commercial development projects in Hong Kong. Following the



completion of the demolition works of old buildings, the piling and foundation works are now substantially completed and the construction of the basement and the podium are carried out as scheduled. The site of SOGO Tsim Sha Tsui will be altered in parallel with the redevelopment project of the adjacent New World Centre.

Mainland China Properties

The China's new leadership headed by President Xi Jinping in 2013 has kicked off a new round of thorough and intensive reform. For property market development, the central government has recognised the needs for a housing supply system under which basic residential provisions would be primarily furnished by the government, whilst multifaceted housing needs would be primarily addressed by the market. Meanwhile, land and fiscal policies should be refined and reforms should adhere to market in order to satisfy the multifaceted housing needs. This implies a shift of future property market policies from short-term suppressive administrative means to a reform-focused long-term mechanism, enhancing the coherence and effectiveness of the market reform fundamental measures, thereby



straightening out the administrative irregularities that have existed in the property market for years.

Among the 46 cities in Mainland China where home purchases restrictions have been in force following the "10 new measures" unveiled by central government in 2010, 37 cities have experienced different levels of policy adjustments as of September 2014. The market considers such incident a key milestone for the sustainable and steady development of Mainland China's property market. Any future breakthroughs will depend on how the granting of home mortgages by financial institutions will adjust and the pace of recovery of market purchasing power.

The overall property contracted sales of New World China Land Limited ("NWCL") in FY2014 reached a total GFA of 1,019,200 sq m amounted to RMB14,792 million.

In FY2014, NWCL's completed property development projects for sale in Mainland China amounted to a

total GFA of 1,553,567 sq m, of which residential GFA amounted to 1,439,005 sq m. In FY2015, it is anticipated to complete property development projects totalling a GFA of 1,328,362 sq m for sale in Mainland China, of which residential GFA amounted to 1,186,573 sq m.

Shanghai K11, the first art mall in Mainland China, was opened on 28 June 2013. During the year under review, Shanghai K11 scored nearly 100% occupancy rate with an average monthly pedestrian flow of over one million. Many of its artistic activities have drawn close attention to the market. In particular, the hosting of "Master of Impressionism: Claude Monet" in 2014 as the opening activity of "Festival Croisements 2014" was highly appraised in domestic as well as international media coverage. Meanwhile, positive rental reversion has been achieved for Wuhan New World International Trade Tower upon tenancy renewal. The abovementioned factors have provided upside support to NWCL's rental businesses in Mainland China.



IMPRESS OUR GUESTS WITH GRACIOUS HOSPITALITY

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.

Hotel Operations

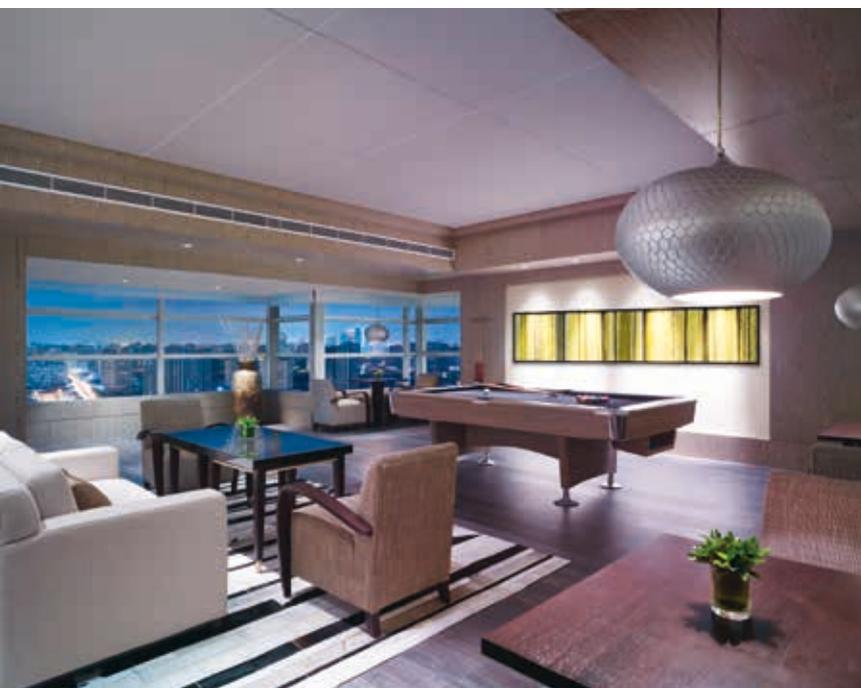
Massive tourist inflow to Hong Kong provided strong support to hospitality services development in Hong Kong. In 2013, overnight visitors arrival surpassed 25.66 million, the total consumption expenditure amounted to HK\$208.5 billion, translating to a per-capita expenditure of HK\$8,123, an increase of 3.9% year-on-year. As for the consumption pattern, on average over 61% of total expenses are on shopping while about 19% are on hotel bills, accounting for more than HK\$38.93 billion in total. Overnight visitors from long-haul regions including Europe and the U.S. plus those from North Asia and Southeast Asia accounted for a significant portion of hotel spending.



The overall demand for hospitality services in Hong Kong is rising with buoyant visitor arrivals at the territory. Nevertheless, the fluctuating global economy in recent years has exerted pressure on the operation of Tariff A hotels, the performance of which is closely correlated with economic performance in general. For some hotels which are managed by international brands, enhancements have been actively made by upgrading hotel facilities and improving services, whereas customer loyalty programs have been enriched by bringing together online and offline efforts, with a view to providing various choices across the customer spectrum,

excellent, unique and customised services uplifting their experience and satisfaction, thereby embracing future opportunities for development.

Stepping into 2014, with the revitalising momentum in the global economy, flourishing commercial activities have brought about inflow of business travellers. According to the statistics of the Hong Kong Tourism Board, from January to March 2014, overnight business travellers from long-haul regions totalled 217,000, an increase of 2.8% year-on-year. In particular, a 5.1% increase for America and a 3.2% increase for Europe, Africa and the Middle-East are observed. Overnight



business travellers from Mainland China totalled 403,000, representing a growth of 11.5% year-on-year. This has stimulated the performance of business hotels and Tariff A hotels in Hong Kong.

The Group's premium hotels in Hong Kong targeting at business customers represent a major contributor to the results of the Group's hotel operations segment. To maintain the competitiveness of the hotels among peers in the Tariff A hotel market in Hong Kong and in turn to cater for the ever-increasing demand from customers for hotel stays, the Group has taken active actions in recent years to roll out its asset enhancement programs, and at the same time to uplift revenues for guest rooms and food and beverage services of the Group's hotels.

Grand Hyatt Hong Kong is undergoing renovation of the fullest scale since its commencement of operation in 1989. Part of the renovation works

had been completed in FY2014, including Grand Ballroom and Grand Rooms. The renovation of a total of 381 guest rooms under phase one of the project will be completed by end of 2014. Despite the impact caused by the renovation during the year under review, the hotel's average room rate stood at a satisfactory level of HK\$3,430 per night.

At Renaissance Harbour View Hotel, which is adjacent to Grand Hyatt Hong Kong, major renovation works had commenced since 2011, and were substantially completed in FY2014. Satisfactory average room rate and occupancy rate have been reported following the completion of renovation, in particular, occupancy was up 5 percentage points year-on-year to 77%.

The Group's two hotels at close proximity to railway stations reported satisfactory performance in terms of occupancy and average room rates in FY2014. Centrally located in Tsim Sha

Tsui at the junction where the Tsuen Wan line at Tsim Sha Tsui station intersect with the East Rail line at Tsim Sha Tsui East station, Hyatt Regency Hong Kong, Tsim Sha Tsui has an average occupancy rate of 89% and an average room rate rising to HK\$2,181 per night. For Hyatt Regency Hong Kong, Sha Tin, which is adjacent to University station on the East Rail line, average occupancy reached 84% and average room rate posted satisfactory performance.

During the year under review, two new hotels under the Group were completed and have commenced operations. pentahotel Hong Kong, Kowloon, which is located in Kowloon East and near the Kai Tak Cruise Terminal, was opened in November 2013 and is the first hotel in Hong Kong under the pentahotel brand. It offers 695 guest rooms and is positioned as a stylish and cozy hotel targeting young fashionable gurus and travellers looking for novel experience.



Opened in November 2013, New World Beijing Hotel is located in Chongwenmen, a prime area of Beijing and is the first 5-star hotel in the same neighborhood. The hotel offers 309 guest rooms, among which 208 guest rooms are already in operation.

The ultra-luxury Rosewood Beijing, located in Chaoyang District, a core city area of Beijing, is expected to commence operations in FY2015. Being the first project in Mainland China under the Rosewood Hotels & Resorts brand, Rosewood Beijing targets the high-end segment of the market. In addition, Guiyang New World hotel, located in the provincial city of Guizhou, will have its soft-opening on 25 September 2014.

As at 30 June 2014, the Group had a total of 17 hotel properties providing over 7,600 guest rooms in Hong Kong, Mainland China and Southeast Asia. Among which 11 hotel properties are operated by the Group's international hotel operator – Rosewood Hotel Group under the Rosewood Hotel brand, New World Hotel brand and the pentahotel brand.



SUPPORT COUNTRY'S ADVANCEMENT

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

Infrastructure and Service



NWS Holdings Limited (“NWSH”) achieved a profit attributable to shareholders of HK\$4,324.9 million for FY2014, representing an increase of 7.9% year-on-year. In February 2013, NWSH announced the establishment of a company with other major port operators in Xiamen which would involve the injection of its two port investments in Xiamen – Xiamen New World Xiangyu Terminals Co., Ltd. and Trend Wood Investments Limited (which invested in Xiamen Haicang Xinhaida Container Terminals Co., Limited) in exchange for a 13.8% interest in the new company. The new company, Xiamen Container Terminal Group Co., Ltd. was legally established in December 2013 and a one-off gain on deemed disposal arising from the restructuring was recognised in FY2014.



Infrastructure

Hangzhou Ring Road continued to be the most significant contributor for the road businesses, with average daily traffic flow grew by 4%. Benefitting from the economic development in the Pearl River Delta region, the Group's expressways in Guangdong Province registered satisfactory traffic growth in FY2014. In particular, average daily traffic flow of Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) rose by 12% and 10% respectively.

Falling coal prices continued to have a positive impact on the overall financial performance of the Group's power plants in Mainland China during FY2014. Compared with the previous year, the volume of electricity sales at the Zhujiang Power Plants were maintained at a similar level while the sales volume at the Chengdu Jintang Power Plant dropped by 11% as one

of its generators underwent system upgrade during FY2014.

In May 2014, NWSH announced the divestment of its interest in Macau Power. The disposal was completed in the first quarter of FY2015.

Sales volume of Chongqing Water Plant and Tanggu Water Plant increased by 11% and 10% respectively during FY2014. Waste water treated by Chongqing Tangjiatuo Waste Water Plant increased by 24% while Shanghai SCIP Water Treatment Plants also reported a healthy growth of waste water revenue during FY2014.

During the year under review, several new operating projects were acquired including Jiangsu Water Company, Chengdu Chongzhou Dayi Waste Water Plant and a contract to build and operate a sludge treatment plant in Yangzhou was undertaken by Sino-French Holdings (Hong Kong) Limited.

Being an operating asset, Beijing Capital International Airport Co., Ltd. ("BCIA") provides immediate and recurring revenue when NWSH became its second largest shareholder following the share acquisition in December 2013.

ATL Logistics Centre continued to take advantage of the strong demand for logistics and warehousing facilities in Hong Kong during FY2014. Its average rental rose by 16% while occupancy rate remained at a remarkable level of 99%. NWS Kwai Chung Logistics Centre has been fully leased out during the year under review.

Throughput of China United International Rail Containers Co., Limited grew by 5% to 1,618,000 TEUs and continued to make positive contribution during FY2014.



Service

Hong Kong Convention and Exhibition Centre (“HKCEC”), an iconic Hong Kong landmark, continued to maintain its steady growth momentum by leveraging on the strong demand to host international exhibitions and conventions at prime locations with state-of-art facilities. During the year, 1,086 events were held at HKCEC with a total patronage of approximately 5.9 million. Through continuous upgrade of its complex and facilities and proactive marketing effort, turnover from exhibition rental has grown steadily over the past years.

Free Duty’s travel retail, duty free tobacco and liquor business at all land border crossings continued to benefit from the rise in per passenger spending and patronage of visitors from Mainland China, but the growth of the business has been hindered by the Chinese Government’s anti-corruption drive and crackdown on extravagant consumption.

The contribution from the construction business increased substantially in FY2014 mainly due to improved gross profit margin and project progress. As at 30 June 2014, the gross and remaining value of contracts on hand for the construction business was approximately HK\$50.1 billion and HK\$34.5 billion respectively.

For transport businesses, in April 2014, NWSH fully divested its 28.92% interest in Kwoon Chung Bus Holdings Limited.

BRING VARIETY AND QUALITY TO SHOPPERS

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.



Department Stores



In FY2014, New World Department Store China Limited ("NWDS") recorded total revenue of HK\$4,136.2 million, an increase of 3.1% year-on-year. Net profit was HK\$520.5 million. If excluding other loss, changes in fair value of investment properties and its related income tax expense, one-off tax adjustment on disposal of properties situated in Wuxi and other non-core items, the core profit for the year decreased by 11.9% year-on-year to HK\$557.1 million.

Commission income from concessionaire sales was the major income contributor, accounting for 63.7% of the total revenue. Proceeds from direct sales and rental income accounted for 19.0% and 15.9% of the total revenue respectively. The remaining 1.4% was derived from management and consultancy fees. Regional-wise, Northern China Region contributed the most to the revenue of NWDS, amounting to 50.1% of total revenue, followed by the South Eastern China Region and the Central Western China Region, which accounted for 27.6% and 22.3% of the total revenue respectively.

In FY2014, NWDS completed the acquisition of Shanghai Hongxin Trendy Plaza and Hong Kong New World Department Store - Shanghai Wujiaochang Branch Store. In addition, Yantai New World Department Store, a self-owned store located in Shandong province, was opened during the year under review. As at 30 June 2014, NWDS operates and manages a large national network, with 39 stores are self-owned while four are managed stores. The department store retail chain with a total GFA over 1.6 million sq m covers 21 major cities in Mainland China, including Beijing, Shanghai, Shenyang, Wuhan and Chengdu.

Outlook

As a “city architect”, New World Development will continue to integrate innovations and aim for enhancements for both our society and our living.



“The beginnings and ends of shadow lie between the light and darkness and may be infinitely diminished and infinitely increased.” wrote Leonardo da Vinci, the representation of the Renaissance, in his descriptions of light and shadow. It fits in to signify the fluctuations and complications in today’s global economic as well as social developments.

The issue of how long the journey will take to attain full recovery of the global economy and embrace brightness has been the concerns of governments as well as people around the world. Some indicators show that certain major economies are indeed gradually showing signs of improvement. However, with varying pace of recovery in Continental Europe, the U.S., China and emerging markets, the undulations in oil prices in light of the instability in the geo-political development in Iraq in the Middle East and Ukraine in Europe together with the increase in US dollar exchange rate plus the risk of epidemic spread from West Africa, it could well be a long journey before we can see a full worldwide economic recovery.

Along with the U.S. Federal Reserve Board’s cutting down on monetary stimulus and Euro-area inflation remaining below half of European Central Bank’s target, Christine Lagarde, Managing Director of the International Monetary Fund (“IMF”), warns of a lower-than-predicted pace of economic growth, in view of the reduced potential for global economic growth despite an accelerating pace, together with the suppressed investment expenditures.

As a matter of fact, different economies across the globe are encountering various obstacles hindering recovery, as reflected in the latest forecast previously made by the IMF on the growth of major economies. In particular, the forecast on global economic growth for 2014 has been adjusted from 3.7% which was previously made in early 2014 to 3.4%, whereas the 2015 forecast is 4%. The forecast on the economic growth of the U.S. for 2014 has been adjusted from 2.8% to 1.7%, whereas the 2015 forecast remains at 3%. For emerging economies, the forecast on economic growth has been adjusted from 4.8% to 4.6%, whereas the 2015 forecast is

5.2%. For the Euro-area, the forecast on economic growth for 2014 has been adjusted from 1.1% to 1.2%, whereas the 2015 forecast is 1.5%.

As the second largest economy in the world, China is experiencing a stage of adjustment of its economic and social development. The Central Government is striving to adjust the model of China’s economic growth, steering away from an export-oriented pattern and relying more on domestic demand, and changing its reliance on secondary industries to tertiary industries. However, incoordination and conflicts arise in various aspects, including the adjustment of monetary policies, risk management against default of local debts, excessive capacity and how it relates to sustainable development, the progress of urbanisation and land reform, property austerity measures etc. Today, China’s economy is still growing at the fastest pace in the world, and has turned from high-speed development to a stage of structural reform. In recent years, the Central Government’s strategy of economic development stressing stability in addition to making progress



The Group has adhered to its “邁步向前 • One Step Forward” spirit and dedicated its efforts to its property businesses in Hong Kong.

which has articulated a new pattern that the nation’s growth is undergoing transformation into sustainable and healthy development. Adjustments in its economic growth are therefore inevitable. It was predicted by the IMF that China would grow at 7.4% in 2014 and the rate will narrow down to 7.0% in 2015.

Despite the fast-changing economic landscape across the globe and numerous uncertainties, the economic performance of Hong Kong is considered risky but steady. The recovery of Europe and the U.S. did not translate into demand for imports, suppressing export trades for Asia-pacific regions including Hong Kong. It has been stated by John Tsang, Financial Secretary of the Hong Kong SAR Government, that the territory’s forecast of economic growth for 2014 has to be lowered to 2-3% to reflect the actual economic conditions. However, with the Central Government’s favourable policies, Hong Kong’s unemployment rate has long been at a healthy level; visitor arrivals from Mainland China

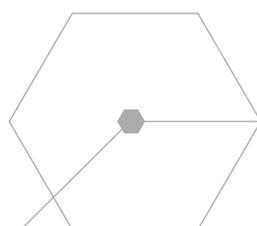
together with the strong consumption sentiment of local Hong Kong consumers have supported robust demand and in turn a solid barrier to safeguard Hong Kong’s economy. It may have come to the market’s worries that the Hong Kong SAR Government has recently started probing the possibility of scaling down the “Individual Visit Scheme” applicable to travellers from Mainland China and that sales of jewellery, watches and luxury gifts are falling. It should be noted, however, that the consumption pattern in both Mainland China and Hong Kong are changing and the middle class is emerging, which are gradually turning into another new model of development which will favour sound growth of the economy as well as society. Such positive trend should not be neglected.

Government policy on the property market has been a key topic of discussion on the territory’s politics, economy and people’s livelihood. For a healthier and steady development of Hong Kong’s residential property market, the Hong Kong SAR Government and monetary

authorities have rolled out a number of administrative measures since 2010 to cool down the upsurge of property prices and narrow down the gap between supply and rigid demand. Such policy implementations initially caused the market’s wait-and-see sentiment and resulted in sluggish transaction volumes in the residential market. Today, in a user-dominated market, developers are trying to price their products close to market prices and have successfully aroused the interest of many home buyers.

Interest rate is one of the factors affecting decisions for home purchases. While economic growth of the U.S. is not as good as expected, the Federal Reserve’s decision for withdrawal of monetary stimulus package is bound to happen and has indeed commenced. In fact, such withdrawal does not necessarily lead to rise in interest rate.

Recent speeches by Janet Yellen, Chair of the Federal Reserve, have repeatedly implied a lack of conditions for sparking interest rate hike and that



One Step Forward

there is no concrete timetable for any of such rise. It is generally believed that the cycle of interest rate hike in the U.S. will not come into play until mid-2015 or beyond, and low interest rate fuelling the property market will continue for some time.

Furthermore, the previous implementation of administrative measures had resulted in wait-and-see sentiment for many potential home buyers with financial strengths and actual needs for upgrades of residential homes. People in this sector have stable income stream, have mostly finished mortgage repayments for their properties, and have enjoyed much asset appreciation in the upsurge of property prices. Moreover, home upgraders are coming back to the market as the 3-year duration has lapsed and the special stamp duty (SSD) is no longer applicable to some residential units purchased when the administrative measures including the SSD were adopted in October 2010, and also in light of the relaxation of doubled ad valorem stamp duty for home upgraders as proposed by

the government in May 2014. The switching-on of the first-hand and second-hand residential market being matched with the springing up of new flat launches had stimulated the overall transaction volume in the residential market. Projects of superior quality or at prime locations, such as "The Austin" and "Grand Austin" developed by the Group, were highly sought after by home buyers since their launches. All of the 576 units launched under "The Austin" were sold out in about three weeks, while the 691 units launched under "Grand Austin" was nearly sold out within one month.

Based in Hong Kong for more than 40 years, New World Development has been growing together with Hong Kong people. For years, the Group has adhered to its "邁步向前 • One Step Forward" spirit and dedicated its efforts to its property businesses in Hong Kong. With premium product quality, unique designs of originality, meticulous services, and the use of creation and technology, the Group has provided the best living experience

to home purchasers. In recent years, the Group's series of reforms have flexibly blended with modern business management, bold and creative mindsets and the customer-oriented service attitude, and successfully brought the premium New World brand to a new height. Based on New World's DNA, our experienced professional management team thoughtfully outlines the development processes for each project, from land acquisition and development planning to property sales and customer services, and uniquely blends new living experience for home purchasers.

During the year under review, the Group's attributable contracted sales in Hong Kong amounted to HK\$20.6 billion, a new record high since the Group's inception in 1970. The pinnacle achievements reflected the joint efforts of all staff members of the Group, which contributed to market recognition of the brand reputation and sales performance of the Group's projects. Prudently confident and humbly proud, the Group will continue to work hard on its property

The Group is committed to satisfying “living needs”, delivering “living experience”, and maximising the interests of our stakeholders.

development business in Hong Kong. With innovative ideas and good quality, we aim to contribute to society, bring forth city development, and promote social construction.

Following the sound momentum in property sales in FY2014, the Group will work hard on the preparations for new launches for “THE PAVILIA HILL” in Tin Hau, “Double Cove Starview Prime” in Ma On Shan, Clear Water Bay Road project in Sai Kung and “SKYPARK” in Mongkok. Meanwhile, the Group will strive to expand its landbank in Hong Kong through public auction/tender, old building redevelopment and agricultural land conversion to enhance the Group’s resources for future development.

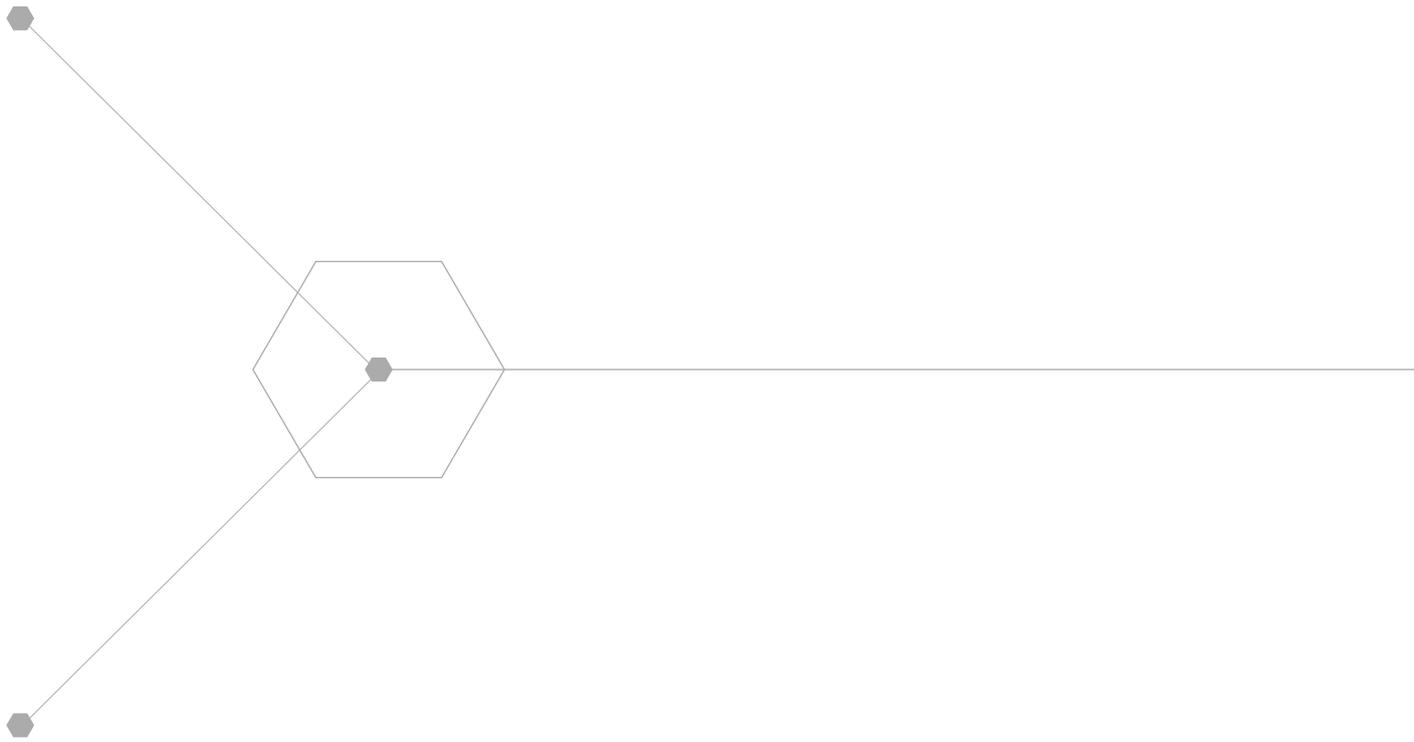
For the strategies to be adopted in land acquisitions, the Group will carefully screen and assess each and every opportunity based on future market supply and consumption preferences of home buyers. It will also pay attention to the flexibility to be

allowed under its landbank for future development and provide outstanding land resources for the sustainable development of the Group. During the year under review, the Group made satisfactory progress in old building redevelopment, completing the acquisitions of the Des Voeux Road West project and the Sai Yuen Lane project in Western District, and acquired over 80% ownership of 4A-4P Seymour Road in Mid-Levels, a joint-development urban redevelopment project. In addition, the title unification of Kut Cheong Mansion on King’s Road, North Point was also completed as planned. The above mentioned projects provide extra development resources in prime urban locations, further consolidating the reputation of New World Development as a down-to-earth and highly efficient developer in acquiring large-scale old building redevelopment projects in urban districts.

For property leasing, the Group was a pioneer in recognising the upcoming

change in the consumption patterns in Mainland China and Hong Kong and the ongoing emergence of the middle class. In 2009, the Group embarked upon the original brand of K11, creatively blending the three core elements namely art, people and nature. It offers new consumption experience to the high-spending middle class seeking customised, unique and high standard of living, and enlightens the pursuit of close relationship between human beings and the nature. In both Hong Kong and Shanghai, K11 has now become a place of gathering and communication for maniacs for art, culture and living experience, and attracted strong footfall which had in turn favoured business performance. K11 pursues active development of its brand concepts and is coming on stage in Mainland China.

In response to the changing consumption patterns of local customers and those from Mainland China, the Group has actively



improved the physical facilities and tenant mix in its retail properties in Hong Kong, enabling consumers to enjoy their purchases in cozy shopping environment and in turn boosting the rental performance of the Group's projects. Asset enhancement programs have been completed at different points of time for Pearl City in Causeway Bay and the retail portions of New World Tower and Manning House in Central. Discovery Park Shopping Centre in Tsuen Wan, with more than 400,000 sq ft of floor area, is in its final stages of renovations. With fully re-designed passenger flows and mix of merchandisers, it is expected that the entire asset enhancement program for this project will be fully completed in 2015, providing new consumption experience for residents in western New Territories and consumers from Mainland China travelling via the Hong Kong- Shenzhen Western Corridor.

As a "city architect", New World Development will continue to integrate

innovations and aim for enhancements for both our society and our living. From land planning to project design, development deployments, after-sale services to sustainable development, it is committed to satisfying "living needs" and delivering "living experience", and maximising the interests of our stakeholders.

Dr. Cheng Chi-Kong, Adrian

Executive Director & Joint General Manager

24 September 2014

Mr. Chen Guanzhan

Executive Director & Joint General Manager

MANAGEMENT DISCUSSION AND ANALYSIS

NWD recorded consolidated revenues of HK\$56,501.1 million, and profit attributable to shareholders of the Company amounted to HK\$9,725.4 million in FY2014. The Group's underlying profit amounted to HK\$6,506.7 million, representing 2.8% year-on-year growth. Total segment results (including share of results of joint ventures and associated companies and excluding changes in fair value in investment properties) amounted to HK\$16,796.6 million, up 9.5%.

Revenues – by business segments

	FY2014 HK\$m	FY2013 HK\$m	Year-on-year change
Property development	29,329.2	24,249.2	20.9%
Property investment	2,348.3	2,188.4	7.3%
Service	13,786.8	9,668.9	42.6%
Infrastructure	2,345.8	2,223.5	5.5%
Hotel operations	3,751.4	3,482.3	7.7%
Department stores	3,975.4	3,954.1	0.5%
Others	964.2	1,013.5	(4.9%)
Total	56,501.1	46,779.9	20.8%

The Group's revenues increased 20.8% to HK\$56,501.1 million in FY2014 from HK\$46,779.9 million in FY2013, mainly due to the strong growth from property development and service segment, up 20.9% and 42.6% year-on-year respectively. In addition, property investment, infrastructure and hotel operations maintained a healthy increment in terms of revenues, up 7.3%, 5.5% and 7.7% respectively.

Analysis of segment results

	FY2014 HK\$m	FY2013 HK\$m	Year-on-year change
Property development	9,586.9	7,338.5	30.6%
Property investment	2,031.9	1,857.7	9.4%
Service	1,526.2	1,708.5	(10.7%)
Infrastructure	2,518.2	2,462.0	2.3%
Hotel operations	361.4	450.2	(19.7%)
Department stores	543.2	743.7	(27.0%)
Others	228.8	785.5	(70.9%)
Total	16,796.6	15,346.1	9.5%

Property development

In FY2014, the segment results from property development was HK\$9,586.9 million, up 30.6%. In Hong Kong, the key contributors were from several residential projects, namely "The Woodsville", "Park Signature" and "The Reach" in Yuen Long, "The Riverpark" in Sha Tin and "Double Cove" in Ma On Shan.

During the year under review, the Group launched seven new residential projects in Hong Kong, namely "The Woodsville", "The Woodside", "Park Signature", "The Austin", "Grand Austin", "EIGHT SOUTH LANE" and "Double Cove Starview". All these projects received overwhelming responses from the market. In particular, "The Austin" and "Grand Austin", the large-scale high-end urban projects located in South West Kowloon, have attracted attentions of many home-buyers. All 576 residential units of "The Austin" were successfully sold out in less than a month, while over 98% residential units of "Grand Austin" were sold in less than a month since its first launch on 21 June 2014, these two projects recorded a total contracted sales of HK\$24.9 billion.

In Mainland China, the Central Government has constantly adjusted its austerity measures on property market in a timely and moderate manner based on the market conditions. The property market is moving towards a direction of healthy, orderly and steady development. Meanwhile, 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 development.

In FY2014, the NWCL property sales was mainly from the projects in Guangzhou, Shenyang, Tianjin and Pearl River Delta. The overall recorded property sales volume for the year under review up 15% to GFA of 1,414,886 sq m with gross contracted sales registered at approximately RMB18,676.1 million.

Property investment

Segment contribution from property investment recorded HK\$2,031.9 million in FY2014, up 9.4% year-on-year.

During FY2014, New World Tower and Manning House, both are office buildings located in Central, recorded over 93% and 95% occupancy rate respectively. For Tsim Sha Tsui K11, its occupancy rate was 99.5% during the year under review. Together with the solid performance of Telford Plaza in Kowloon Bay, all major investment properties in Hong Kong maintained a steady growth.

In Mainland China, the increase in rental contribution is mainly from full operation of Shanghai K11 in Shanghai Hong Kong New World Tower during the year under review and Wuhan New World International Trade Tower, resulted from increase in average rental rate upon renewal of tenancy.

Service

In FY2014, service segment recorded HK\$1,526.2 million, down 10.7% year-on-year, mainly due to the Hong Kong International Airport duty-free concession expired in November 2012 and the increase in Lo Wu duty-free rental under new concession terms. The impact was mitigated by the significant growth from the construction business.

Demand for hosting international exhibitions and conventions at prime locations with state-of-art facilities remains strong, the operating status of HKCEC maintained at high level in FY2014. During the year, 1,086 events were held at HKCEC with a total patronage of approximately 5.9 million.

In April 2014, NWSH fully divested its interest in Kwoon Chung Bus Holdings Limited.

Infrastructure

During the year under review, infrastructure segment reported HK\$2,518.2 million, up 2.3% year-on-year.

Due to a partial closure of Tangjin Expressway (Tianjin North Section) for road widening, the overall results from the road projects was adversely affected.

Falling coal prices continued to have a positive impact on the overall financial performance of the Group's power plants in Mainland China during FY2014. In May 2014, NWSH announced the divestment of its interest in Macau Power. The disposal was completed in the first quarter of FY2015.

The decrease in segment results from water projects was mainly attributable to the drop in Chongqing Water Group's contribution resulting from the impairment loss on an investment, and the reduction in exchange gain in FY2014.

In FY2014, the operations from the ports and logistics projects registered a strong growth. ATL Logistics Centre maintained a remarkable occupancy rate of 99%. The keen demand for logistics and warehouse facilities in Hong Kong drove its average rental rate up by 16% during FY2014. Being an operating asset, BCIA provided immediate and recurring contribution when NWSH became its second largest shareholder following the share acquisition in December 2013.

Hotel operations

In FY2014, hotel operations segment recorded HK\$361.4 million, down 19.7% year-on-year mainly caused by the pre-opening expenses incurred for the new hotels in Mainland China.

Grand Hyatt Hong Kong is undergoing major renovation since its commencement of operation in 1989 and part of the renovation works had been completed in FY2014. Despite the impact caused by the renovation, the hotel's average room rate stood at a satisfactory level of HK\$3,430 per night. In addition, the other three major hotels in Hong Kong, namely Renaissance Harbour View Hotel, Hyatt Regency Hong Kong, Tsim Sha Tsui and Hyatt Regency Hong Kong, Sha Tin, performed steadily in terms of average room rates and occupancies.

In Mainland China, overall slow market and the banning of extravagance and fighting corruption initiatives from the Central Government led to overall decrease in patronage of corporate customers in the hotels in Mainland China.

Department stores

During the year under review, department stores segment contributed HK\$543.2 million, down 27.0% year-on-year.

In FY2014, NWDS completed acquisition of Shanghai Hongxin Trendy Plaza and Shanghai Wujiaochang Branch Store. In addition, Yantai New World Department Store located in Shandong province was opened during the year under review. As at 30 June 2014, NWDS operates and manages a large national network, with 39 stores are self-owned while four are managed stores. The department store retail chain with a total GFA over 1.6 million sq m covers 21 major cities in Mainland China, including Beijing, Shanghai, Shenyang, Wuhan and Chengdu.

Others

Other businesses reported contribution of HK\$228.8 million, down 70.9% year-on-year. The decrease was mainly attributable to a drop from sale of investments.

Other gains, net

Net other gains increased 131.5% year-on-year to HK\$2,313.0 million in FY2014 mainly due to the disposal gain of CSL New World Mobility Limited and the gain on deemed disposal of NWSH Xiamen Container Terminal Group Co., Ltd.

Net other gains also included net gain on fair value of financial assets at fair value through profit or loss, gain on disposal of investment property, property, plant and equipment and land use rights and gain on disposal of available-for-sale financial assets.

Changes in fair value of investment properties

With the stable performance of the Group's investment properties and healthy market outlook in both Hong Kong and Mainland China, changes in fair value of investment properties amounted to HK\$1,425.5 million.

Taxation

In FY2014, taxation charge amounted to HK\$5,738.2 million, up 19.7% year-on-year. The significant increment was mainly due to the Mainland China land appreciation tax, which was increased from HK\$1,498.4 million in FY2013 to HK\$2,425.0 million in FY2014.

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 70.5% were arranged on a floating rate basis. The Group used interest rate swaps and foreign currency swaps to hedge part of the Group's underlying interest rate and foreign exchange exposure. As at 30 June 2014, 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 2014, the Group had outstanding foreign currency swap contracts in the amounts of RMB1,000.0 million (equivalent to approximately HK\$1,250.0 million) and US\$10.0 million (equivalent to approximately HK\$77.7 million) respectively.

During the year, the Company raised approximately HK\$13,316.4 million, before expenses, by way of a rights issue of 2,147,800,806 rights shares on the basis of one rights share for every three shares of the Company at the subscription price of HK\$6.20 per rights share. The net proceeds from the above rights issue have been used for the funding of the Group's property projects and as general working capital of the Group. The net proceeds from rights issue have strengthened the capital base and the financial position of the Company so as to facilitate the implementation of its plans to expand the landbank.

During the year, a subsidiary of the Group issued US\$750.0 million guaranteed bond (equivalent to approximately HK\$5,827.5 million) and HK\$5,395.0 million guaranteed bonds at fixed rates ranging from 5.25% to 6.0% due in 2021 and 2023 to 2024 respectively.

As at 30 June 2014, the Group's cash and bank balances stood at HK\$61,823.2 million (2013: HK\$40,262.3 million) and the consolidated net debt amounted to HK\$54,738.8 million (2013: HK\$62,493.0 million). The gearing ratio was 27.3%, a decrease of 7.9 percentage points as compared with FY2013.

Maturity profile

As at 30 June 2014, the Group's long-term bank and other loans and fixed rate bonds amounted to HK\$109,587.5 million. Short-term bank and other loans as at 30 June 2014 were HK\$6,974.5 million. The maturity of bank and other loans, fixed rate bonds as at 30 June 2014 was as follows:

	HK\$m
Within one year	30,459.9
In the second year	31,435.2
In the third to fifth year	33,571.0
After the fifth year	21,095.9
Total	116,562.0

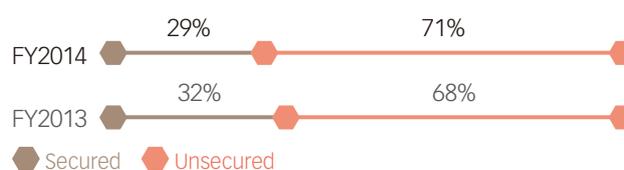
As at 30 June 2014, the Group's assets of HK\$69,714.0 million and certain shares of subsidiaries of the Group were pledged as securities for certain banking facilities of the Group.

Equity of the Group as at 30 June 2014 increased to HK\$200,276.5 million against HK\$177,745.0 million as at 30 June 2013.

Currency Profile of Borrowings



Nature of Debts



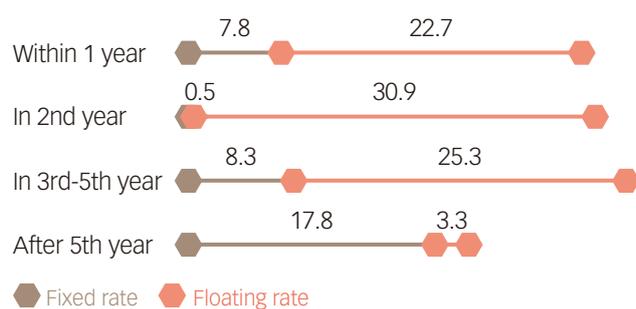
Gross Debt

	FY2014 HK\$m	FY2013 HK\$m
Consolidated gross debt	116,562.0	102,755.3
NWSH	17,667.5	17,679.5
NWCL	37,207.8	34,464.9
NWDS	696.8	659.3
Gross debt (exclude listed subsidiaries)	60,989.9	49,951.6

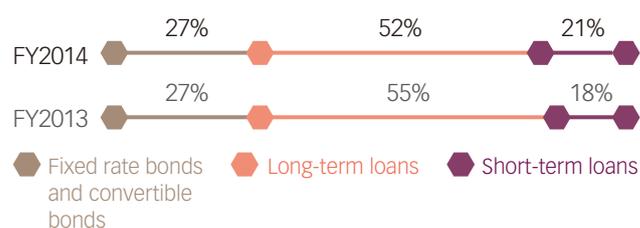
Net debt

	FY2014 HK\$m	FY2013 HK\$m
Consolidated net debt	54,738.8	62,493.0
NWSH	10,030.6	9,911.3
NWCL	19,856.2	15,127.7
NWDS – net cash and bank balances	(830.3)	(2,300.2)
Net debt (exclude listed subsidiaries)	25,682.3	39,754.2

Floating/Fixed Rate and Maturity Profile as at 30 June 2014 (HK\$ Billion)



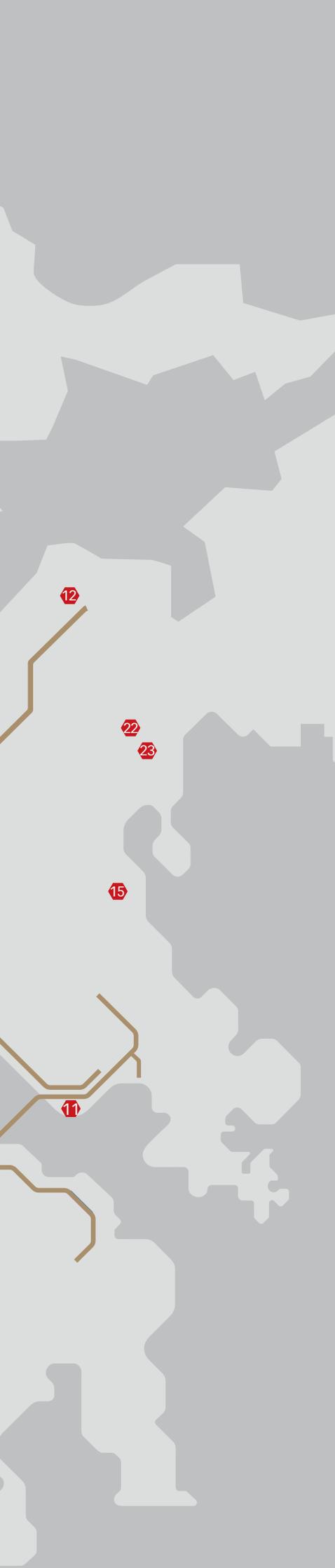
Source of Borrowings



PRINCIPAL PROJECTS SUMMARY

Major Property Development Projects in Hong Kong




No. Name of Property Development Projects

- 1** EIGHT KWAI FONG, No.8 Kwai Fong Street, Happy Valley
- 2** EIGHT SOUTH LANE, No.8, 10 and 12 South Lane, Kennedy Town and Mount Davis
- 3** THE PAVILIA HILL, 18A Tin Hau Temple Road, North Point
- 4** 307–329 Des Voeux Road West, Western District
- 5** Nos. 1–17 Sai Yuen Lane, Western District
- 6** Upper & Lower Kai Yuen Lane and 5 Kai Yuen Street, North Point
- 7** 55 Conduit Road, Mid-Levels
- 8** The Austin, No.8 Wui Cheung Road, South West Kowloon
- 9** Grand Austin, No.9 Austin Road West, South West Kowloon
- 10** SKYPARK, Sai Yee Street, Mongkok
- 11** Yau Tong Redevelopment Project, Yau Tong
- 12** Double Cove Starview, No.8 Wu Kai Sha Road (Phase 2), Ma On Shan
Double Cove Starview Prime, No.8 Wu Kai Sha Road (Phase 3), Ma On Shan
No.8 Wu Kai Sha Road (Phase 4), Ma On Shan
No.8 Wu Kai Sha Road (Phase 5), Ma On Shan
- 13** The Woodside, Nos.512 & 516 Castle Peak Road – Hung Shui Kiu, Yuen Long
- 14** Lot No. 2139 in DD121, Tong Yan San Tsuen (Phase 2), Yuen Long
- 15** DD227 & DD229, Tai Po Tsai, Clear Water Bay, Sai Kung
- 16** Lot No.2131 in DD121, Tong Yan San Tsuen (Phase 1 – Site A), Yuen Long
- 17** TWTL No. 402, West Rail Tsuen Wan West Station (TW6), Tsuen Wan
- 18** 76–92 Tuen Mun Heung Sze Wui Road, Tuen Mun
- 19** Lot No. 4537 in DD116, Tai Tong Road, Yuen Long
- 20** YLTL 524, Tai Tong Road, Yuen Long
- 21** DD104, Wing Kei Tsuen, Yuen Long
- 22** DD221, Sha Kok Mei, Sai Kung
- 23** DD221, Sha Ha, Sai Kung
- 24** DD99, Lin Barn Tsuen, Yuen Long
- 25** Lung Tin Tsuen (Phase 2), Yuen Long
- 26** Tong Yan San Tsuen (Phase 4), Yuen Long
- 27** Deep Bay Grove (Phase 2), Yuen Long
- 28** Tong Yan San Tsuen (Phase 3), Yuen Long
- 29** Sha Po North, Yuen Long

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	EIGHT KWAI FONG, No.8 Kwai Fong Street, Happy Valley	6,515	65,150
2	EIGHT SOUTH LANE, No.8, 10 and 12 South Lane, Kennedy Town and Mount Davis	5,044	43,860
3	THE PAVILIA HILL, 18A Tin Hau Temple Road, North Point	49,569	396,546
4	307–329 Des Voeux Road West, Western District	10,034	105,005
5	Nos. 1–17 Sai Yuen Lane, Western District	7,812	76,705
6	Upper & Lower Kai Yuen Lane and 5 Kai Yuen Street, North Point	72,000	573,301
7	55 Conduit Road, Mid-Levels	36,003	87,780
Kowloon			
8	The Austin, No.8 Wui Cheung Road, South West Kowloon ⁽²⁾	135,443	543,324
9	Grand Austin, No.9 Austin Road West, South West Kowloon ⁽²⁾	159,738	738,841
10	SKYPARK, Sai Yee Street, Mongkok ⁽²⁾	26,673	186,712
			53,346
11	Yau Tong Redevelopment Project, Yau Tong	784,044	4,022,465
New Territories			
12	Double Cove Starview, No.8 Wu Kai Sha Road (Phase 2), Ma On Shan	947,673	643,074
	Double Cove Starview Prime, No.8 Wu Kai Sha Road (Phase 3), Ma On Shan		803,662
	No.8 Wu Kai Sha Road (Phase 4), Ma On Shan		383,306
	No.8 Wu Kai Sha Road (Phase 5), Ma On Shan		387,445
13	The Woodside, Nos.512 & 516 Castle Peak Road – Hung Shui Kiu, Yuen Long	64,423	79,664
14	Lot No. 2139 in DD121, Tong Yan San Tsuen (Phase 2), Yuen Long	85,251	85,251
15	DD227 & DD229, Tai Po Tsai, Clear Water Bay, Sai Kung	719,035	1,078,553
16	Lot No.2131 in DD121, Tong Yan San Tsuen (Phase 1 – Site A), Yuen Long	78,502	79,993
17	TWTL No. 402, West Rail Tsuen Wan West Station (TW6), Tsuen Wan ⁽²⁾	148,586	675,021
18	76–92 Tuen Mun Heung Sze Wui Road, Tuen Mun	8,000	82,411
19	Lot No. 4537 in DD116, Tai Tong Road, Yuen Long	6,086	21,301
20	YLTL 524, Tai Tong Road, Yuen Long	48,922	171,228
21	DD104, Wing Kei Tsuen, Yuen Long	786,000	314,000
22	DD221, Sha Kok Mei, Sai Kung	150,000	30,000
23	DD221, Sha Ha, Sai Kung	615,055	922,582
24	DD99, Lin Barn Tsuen, Yuen Long	1,300,000	550,000
25	Lung Tin Tsuen (Phase 2), Yuen Long	88,157	343,812
26	Tong Yan San Tsuen (Phase 4), Yuen Long	175,000	175,000
27	Deep Bay Grove (Phase 2), Yuen Long	122,000	28,000
28	Tong Yan San Tsuen (Phase 3), Yuen Long	101,472	101,472
29	Sha Po North, Yuen Long	TBD	373,240
Grand Total			14,222,050

Remarks:

(1) P=Planning; D=Demolition; SP=Site Preparation; F=Site Formation / Foundation; S=Superstructure;

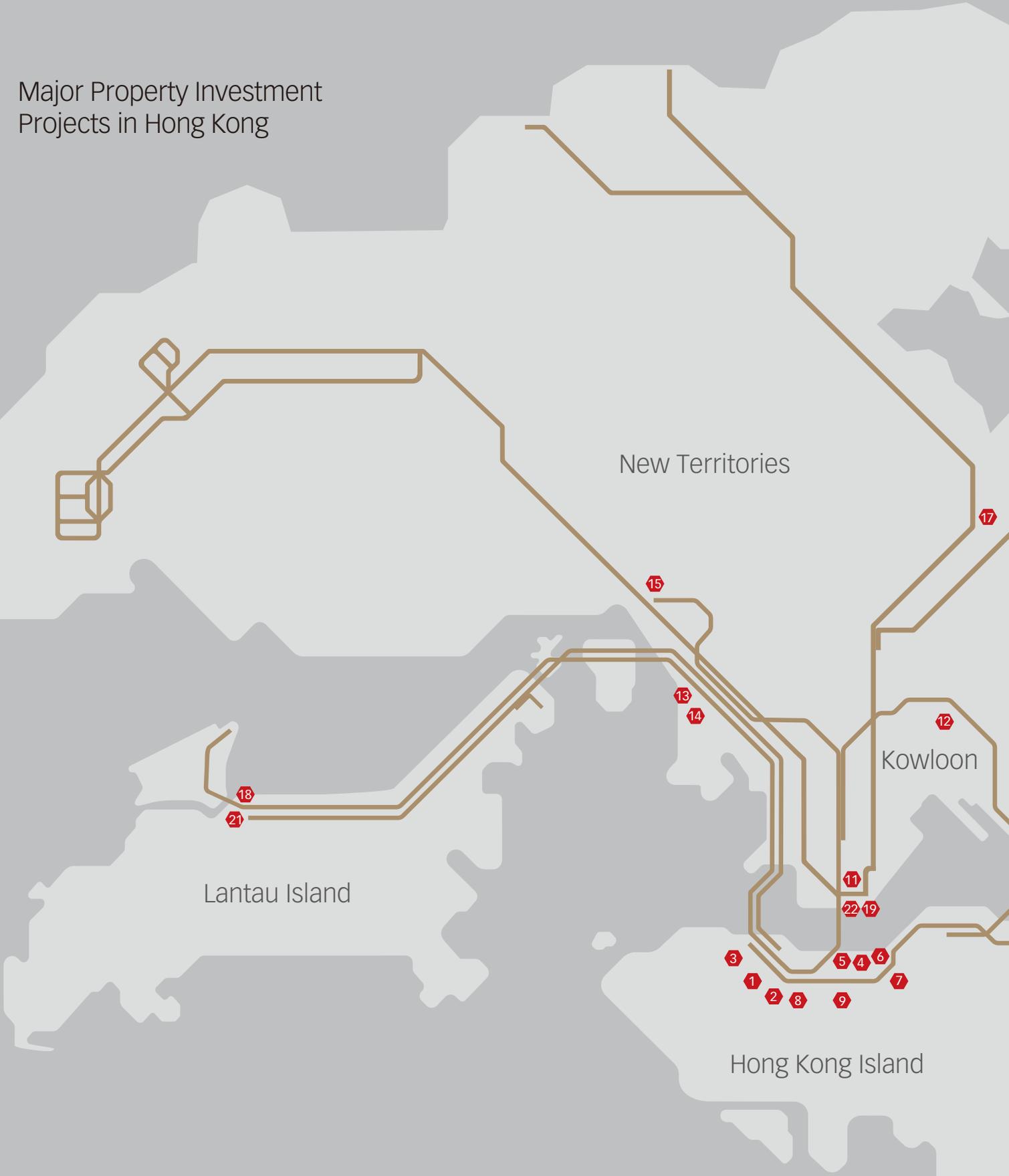
C=Completed (Occupancy Permit Issued); LE=Land Exchange; NA=Not Applicable

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

(3) TBD=To be determined

Group Interest (%)	Retail (sq ft)	Residential (sq ft)	Total Attributable GFA (sq ft)	Stage of Completion ⁽¹⁾
88.97		57,965	57,965	S
100.00	5,809	38,051	43,860	S
85.00		337,064	337,064	S
80.00	10,808	73,196	84,004	P
100.00	8,387	68,318	76,705	P
40.00		229,320	229,320	F
30.00		26,334	26,334	S
50.00		271,662	271,662	S
50.00		369,421	369,421	S
100.00		186,712	186,712	F
50.00	26,673		26,673	F
8.45	6,085	333,849	339,934	D
32.00	2,904	202,880	205,784	C
32.00		257,172	257,172	S
32.00		122,658	122,658	S
32.00		123,982	123,982	S
100.00		79,664	79,664	S
100.00		85,251	85,251	S
56.00	12,056	591,934	603,990	S
100.00		79,993	79,993	P
80.00		540,017	540,017	F
100.00	12,940	69,471	82,411	SP
20.97	1,005	3,462	4,467	LE
20.97		35,907	35,907	P
100.00		314,000	314,000	P
100.00		30,000	30,000	P
76.00		701,162	701,162	P
64.00		352,000	352,000	P
100.00		343,812	343,812	LE
100.00		175,000	175,000	LE
100.00		28,000	28,000	P
100.00		101,472	101,472	LE
34.81		129,925	129,925	NA
	86,667	6,359,654	6,446,321	

Major Property Investment Projects in Hong Kong




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 to Basement
- 8 2 MacDonnell Road
- 9 Methodist House
- 10 Telford Plaza
- 11 K11
Hyatt Regency Hong Kong, Tsim Sha Tsui
- 12 pentahotel Hong Kong, Kowloon
- 13 ATL Logistic Centre
- 14 NWS Kwai Chung Logistics Centre
- 15 Discovery Park Shopping Centre
- 16 PopCorn II
- 17 Hyatt Regency Hong Kong, Sha Tin
- 18 Citygate
Novotel Citygate Hong Kong
- 19 New World Centre, Tsim Sha Tsui
- 20 DD217, 219 & 222, Pak Kong, Sai Kung
- 21 TCTL 11, Tung Chung
- 22 12 Salisbury Road, Tsim Sha Tsui (previously named as “SOGO Tsim Sha Tsui”)

Project Summary – Major Property Investment Projects in Hong Kong

No.	Name of Property Investment Projects	Total GFA (sq ft)	Total Attributable GFA (sq ft)
Completed			
Hong Kong Island			
1	Manning House	110,040	110,040
2	New World Tower	640,135	640,135
3	Shun Tak Centre, Shopping Arcade	214,336	96,451
4	Hong Kong Convention and Exhibition Centre, Shopping Arcade	87,999	87,999
5	Grand Hyatt Hong Kong	524,928	524,928
6	Renaissance Harbour View Hotel	544,518	544,518
7	Pearl City – Portion of Ground Floor to 4th Floor	53,691	21,476
	Pearl City – Portion of Ground Floor to Basement	24,682	24,682
8	2 MacDonnell Road ⁽¹⁾	116,954	116,954
9	Methodist House ⁽¹⁾	40,813	40,405
Kowloon			
10	Telford Plaza ⁽¹⁾	335,960	335,960
11	K11 ⁽¹⁾	335,939	264,552
	Hyatt Regency Hong Kong, Tsim Sha Tsui ⁽¹⁾	277,877	218,828
12	pentahotel Hong Kong, Kowloon	285,601	285,601
New Territories			
13	ATL Logistic Centre	9,329,000	3,190,518
14	NWS Kwai Chung Logistics Centre	920,000	562,120
15	Discovery Park Shopping Centre	466,400	466,400
16	PopCorn II ⁽¹⁾	125,730	88,011
17	Hyatt Regency Hong Kong, Sha Tin ⁽¹⁾	538,000	538,000
18	Citygate	895,761	131,800
	Novotel Citygate Hong Kong		47,352
Grand Total		15,868,364	8,336,730
To be completed/Under development			
19	New World Centre, Tsim Sha Tsui	2,951,444	2,951,444
20	DD217, 219 & 222, Pak Kong, Sai Kung	322,920	322,920
21	TCTL 11, Tung Chung	539,599	107,920
Alteration and additional work			
22	12 Salisbury Road, Tsim Sha Tsui (previously named as “SOGO Tsim Sha Tsui”)	141,331	141,331

Notes:

- (1) Properties in which the Group has a development interests: 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

Retail (sq ft)	Office (sq ft)	Hotel (sq ft)	Residential (sq ft)	Others (sq ft)	Total Number of Carpark	Land Lease Expiry
63,383	46,657					2843
77,948	562,187				385	2863
96,451					85	2055
69,173				18,826⁽²⁾	1,070	2060
		524,928				2060
		544,518				2060
21,476						2868
24,682						2868
			116,954		34	2031
	40,405					2084
335,960					136	2047
264,552					240	2057
		218,828				2057
		285,601				2057
				3,190,518⁽³⁾		2047
				562,120⁽³⁾		2058
466,400					1,000	2047
88,011					50	2047
		538,000			100	2047
99,696	32,104				1,238	2047
		47,352				2047
1,607,732	681,353	2,159,227	116,954	3,771,464	4,338	
TBD	TBD	TBD	TBD	TBD	TBD	2052
TBD	TBD	TBD	TBD	TBD	TBD	2057
107,920						2063
141,331						2052

(2) Meeting rooms

(3) Logistics centre

(4) TBD=To be determined

Project Summary – Major Property Projects in Mainland China

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

(1) TBD=To be determined

Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Car park and others (sq m)	Development Status	Expected completion date ⁽¹⁾
	2,223	12,629		7,709	Under planning	TBD
	16,531	8,052		15,070	Under planning	TBD
251,000	99,800	135,100		119,700	Under planning	TBD
	60,925			28,695	Under planning	TBD
56,023	3,038				Under development	Dec/2014
79,880					Planning completed	Mar/2016
17,466	3,336			1,751	Under development	Jul/2014
55,256	5,273	41,102		24,885	Under development	May/2015
83,595	52,070		38,564	49,706	Under development	May/2016
92,710				17,998	Under development	Dec/2015
157,753	14,398			49,106	Under development	Jan/2017
85,411	39,272	48,768		53,055	Under development	Nov/2014
89,376	25,023			68,860	Under development	Sep/2014
	4,353	32,708	18,729	21,407	Under development	Mar/2016
	5,471	38,435		9,528	Planning completed	Jun/2016
1,091,620	106,832	34,825		330,139	Under planning	TBD
				118,273	Under development	Mar/2016
80,884	300,787		132,151	114,267	Under development	Mar/2016
227,685		265,822			Under planning	TBD
	25,196	51,465		19,476	Under planning	TBD
81,362	14,580			40,800	Planning completed	Jun/2016
576,244	27,262			215,792	Under planning	TBD
76,655					Under development	Sep/2014
41,036					Planning completed	Apr/2016
158,684				49,970	Planning completed	Jun/2017
346,520	10,927			89,200	Planning completed	Dec/2017
	32,250			25,800	Planning completed	Jun/2018
259,726	318,214	14,100		274,300	Under planning	TBD
	22,859	57,464		56,886	Planning completed	TBD
	51,384	127,164	59,142	92,952	Planning completed	Dec/2016
68,261	24,058			30,487	Under development	Jun/2016
	5,808	23,360		10,826	Under development	Dec/2015
377,768	7,239			37,383	Under planning	TBD

Project Summary – Major Property Projects in Mainland China (Continued)

No.	Name of Property Projects	NWCL's Accounting Classification	NWCL's Attributable Interest	Total GFA (sq m)
Projects under development/held for development				
19	Yiyang Scenic Heights Phase I	Subsidiary	100%	96,049
	Yiyang Scenic Heights Phase IIA			140,685
	Yiyang Scenic Heights Remaining Phases			916,987
20	Chengdu New World Riverside Phase II1A	Subsidiary	30%	127,586
	Chengdu New World Riverside Phase II1 Remaining Portion			360,179
	Chengdu New World Riverside Remaining Phases			3,206,242
21	Guiyang Jinyang Sunny Town Phase IIB Remaining Portion	Subsidiary	50%	41,041
	Guiyang Jinyang Sunny Town Remaining Phase IIC			443,261
	Guiyang Jinyang Sunny Town Remaining Phase IIIA			53,595
	Guiyang Jinyang Sunny Town Remaining Phases			3,507,641
22	Guangzhou Dong Yi Garden Phase V	Subsidiary	100%	26,128
23	Guangzhou Covent Garden Phase IIIA	Subsidiary	100%	107,047
	Guangzhou Covent Garden Phase IIIB			6,000
	Guangzhou Covent Garden Phase III Remaining Portion			366,717
	Guangzhou Covent Garden Remaining Phases			385,715
24	Guangzhou Park Paradise Phase IIIB	Subsidiary	100%	70,510
	Guangzhou Park Paradise Remaining Phases			452,655
25	Guangzhou Park Paradise Area 6	Subsidiary	100%	184,867
26	Guangzhou Xintang New World Garden Phase VC	Joint venture	63%	87,195
27	Canton First Estate Phase I (CF09, CF10 & CF19A)	Subsidiary	85%	214,846
	Canton First Estate Phase II (CF19B & CF20)			218,383
	Canton First Estate Remaining Phases			785,862
28	Shenzhen New World Yi Shan Garden Phase III	Subsidiary	100%	125,385
29	Shenzhen New World Signature Hill	Subsidiary	100%	65,005
30	Zhaoqing New World Garden Phase III	Subsidiary	100%	34,709
	Zhaoqing New World Garden Phase III Remaining Portion			84,857
31	Huiyang Hu Xia Liao Project	Subsidiary	100%	162,717
32	Huiyang Palm Island Resort Remaining Phases	Subsidiary	100%	211,063
33	Huizhou Changhuyuan Phase IV	Joint venture	63%	97,070
34	Haikou Meilisha Project Phase I (#2)	Subsidiary	100%	32,628
	Haikou Meilisha Remaining Phases			2,613,713
35	Ningbo New World Plaza	Joint venture	49%	647,791
Total (Projects under development/held for development)				24,621,754

(1) TBD=To be determined

Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Car park and others (sq m)	Development Status	Expected completion date ⁽¹⁾
91,660	4,389				Under planning	Jun/2016
107,111	33,574				Under planning	Dec/2016
665,565	31,232			220,190	Under planning	TBD
85,174				42,412	Under development	Jun/2015
184,951	64,872			110,356	Planning completed	Jun/2017
2,148,336	56,406		58,000	943,500	Under planning	TBD
	30,838		10,203		Under development	Jun/2016
325,758	19,990			97,513	Under development	Jan/2017
32,610				20,985	Under development	Nov/2015
1,985,958	272,496	461,532		787,655	Under planning	TBD
22,940				3,188	Under development	Jun/2017
87,307				19,740	Under development	Jun/2015
	6,000				Under development	Oct/2015
283,538				83,179	Under development	Dec/2017
318,813	38,587			28,315	Planning completed	TBD
	20,829		38,400	11,281	Planning completed	Jun/2017
257,367	102,657			92,631	Planning completed	TBD
143,338				41,529	Under development	Jun/2015
87,195					Under development	Mar/2015
189,757				25,089	Under development	Dec/2014
181,631				36,752	Under development	Jun/2016
700,508			85,354		Under planning	TBD
95,686				29,699	Under development	Jan/2015
58,691				6,314	Under development	Dec/2014
34,709					Under development	Dec/2014
77,452	2,230			5,175	Under development	Jun/2016
162,717					Under planning	TBD
211,063					Under planning	TBD
67,070				30,000	Under planning	TBD
26,611				6,017	Under development	Dec/2014
1,532,822	87,710		174,686	818,495	Under planning	TBD
168,025	134,903	174,298	24,087	146,478	Under planning	TBD
14,689,278	2,185,822	1,526,824	639,316	5,580,514		

Project Summary – Major Property Projects in Mainland China (Continued)

No.	Name of Property Project	NWCL's Accounting Classification	NWCL's Attributable Interest	Total GFA (sq m)
Completed investment properties				
36	Beijing New World Centre Phase I	Joint venture	70%	94,188
37	Beijing New World Centre Phase II	Joint venture	70%	73,392
38	Beijing Zhengren Building	Joint venture	70%	16,415
39	Beijing New World Garden	Joint venture	70%	34,544
	Beijing Xin Yang Commercial Building			3,439
	Beijing Xin Cheng Commercial Building			8,051
40	Beijing Xin Yi Garden	Joint venture	70%	52,358
1a	Beijing New View Garden	Joint venture	70%	12,933
2a	Beijing Xin Yu Garden	Joint venture	70%	24,800
41	Beijing Xin Kang Garden	Joint venture	70%	39,910
42	Beijing Baoding Building Shopping Arcade	Subsidiary	100%	62,286
43	Tianjin Xin An New World Plaza	Subsidiary	100%	96,181
44	Tianjin New World Garden	Subsidiary	100%	7,395
8a	Jinan Sunshine Garden	Subsidiary	100%	51,437
9a	Shenyang New World Garden	Subsidiary	100%	339,315
	Shenyang New World Commercial Centre			9,473
12a	Anshan New World Garden	Subsidiary	100%	54,518
45	Dalian New World Plaza	Subsidiary	88%	69,196
13a	Dalian New World Tower	Subsidiary	100%	48,982
46	Shanghai Hong Kong New World Tower	Joint venture	50%	130,385
47	Shanghai Ramada Plaza	Subsidiary	100%	34,340
	Shanghai Belvedere Service Apartment			37,935
48	Shanghai Jiu Zhou Shopping Arcade	Subsidiary	100%	129
49	Wuhan New World International Trade Tower I	Subsidiary	100%	121,828
	Wuhan New World International Trade Tower II			10,005
16a	Wuhan New World Centre	Subsidiary	100%	135,811
	Wuhan New World Centre	Joint venture	60%	6,202
50	Wuhan K11 Gourmet Tower	Subsidiary	100%	20,900
15a	Wuhan Changqing Garden	Joint venture	60%	82,047
51	Wuhan Xin Hua Garden	Joint venture	60%	71,769

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
				52,358
	1,535			11,398
	3,603			21,197
	11,725			28,185
	40,286			22,000
	78,283	6,614		11,284
				7,395
	7,417			44,020
	9,267			330,048
				9,473
	2,829			51,689
	49,413			19,783
	27,067			21,915
	35,474	80,549		14,362
	20,743			13,597
37,935				
	129			
		104,556		17,272
		10,005		
	45,766	62,151		27,894
		563		5,639
	10,320			10,580
	60,186	3,819		18,042
	36,069			35,700

Project Summary – Major Property Projects in Mainland China (Continued)

No.	Name of Property Project	NWCL's Accounting Classification	NWCL's Attributable Interest	Total GFA (sq m)
Completed investment properties				
18a	Changsha La Ville New World Phase I	Subsidiary	48%	12,948
20a	Chengdu New World Riverside Phase I	Subsidiary	30%	46,966
52	Nanjing New World Centre	Subsidiary	100%	52,794
21a	Guiyang Jinyang Sunny Town	Subsidiary	50%	121,052
22a	Guangzhou Dong Yi Garden	Subsidiary	100%	13,616
53	Guangzhou New World Oriental Garden	Subsidiary	100%	34,345
54	Guangzhou Central Park-view	Subsidiary	91%	67,187
23a	Guangzhou Covent Garden	Subsidiary	100%	30,549
24a	Guangzhou Park Paradise	Subsidiary	100%	134,520
26a	Guangzhou Xintang New World Garden	Joint venture	63%	78,994
28a	Shenzhen New World Yi Shan Garden	Subsidiary	100%	9,225
55	Shunde New World Centre	Joint venture	42%	48,517
30a	Zhaoqing New World Garden	Subsidiary	100%	15,062
33a	Huizhou Changhuyuan	Joint venture	63%	31,006
56	Haikou New World Garden	Subsidiary	100%	5,723
4a	Langfang New World Centre District B	Subsidiary	100%	5,468
	Subtotal			2,458,136
Completed hotel properties				
57	pentahotel Beijing	Joint venture	55%	23,988
58	New World Beijing Hotel	Joint venture	70%	53,998
59	New World Dalian Hotel	Subsidiary	100%	53,248
60	New World Shanghai Hotel	Subsidiary	100%	46,942
61	pentahotel Shanghai	Subsidiary	100%	13,353
62	New World Wuhan Hotel	Joint venture	60%	29,411
63	New World Shunde Hotel	Joint venture	33%	36,524
64	New World Guiyang Hotel	Subsidiary	50%	39,521
	Subtotal			296,985
Total (Completed investment and hotel properties)				2,755,121

Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Car park and others (sq m)
	2,305			10,643
				46,966
	41,712			11,082
	40,168			80,884
	8,221			5,395
	21,787			12,558
29,868	17,408			19,911
	22,441			8,108
22,220	15,711			96,589
	23,051			55,943
				9,225
	33,577			14,940
	15,062			
	354			30,652
				5,723
	5,468			
90,023	807,987	268,257	-	1,291,869
			23,988	
			53,998	
			53,248	
			46,942	
			13,353	
			29,411	
			36,524	
			39,521	
-	-	-	296,985	-
90,023	807,987	268,257	296,985	1,291,869

Project Summary – Hotel Projects

No.	Name of Hotels	Total Number of Rooms As at 30 June 2014
Hong Kong		
1	Renaissance Harbour View Hotel	857
2	Grand Hyatt Hong Kong	539
3	Hyatt Regency Hong Kong, Sha Tin	559
4	Hyatt Regency Hong Kong, Tsim Sha Tsui	381
5	Novotel Citygate Hong Kong	440
6	pentahotel Hong Kong, Kowloon ⁽¹⁾	695
	Subtotal	3,471
Mainland China		
7	pentahotel Beijing	307
8	New World Shanghai Hotel	558
9	pentahotel Shanghai	258
10	New World Shunde Hotel	370
11	New World Dalian Hotel	420
12	New World Wuhan Hotel	327
13	New World Beijing Hotel ⁽²⁾	208
14	Rosewood Beijing	283
	Subtotal	2,731
South East Asia		
15	New World Makati Hotel, The Philippines	584
16	New World Saigon Hotel, Vietnam	533
17	Renaissance Riverside Hotel Saigon, Vietnam	336
	Subtotal	1,453
	Grand Total	7,655
Completed to be operated		
18	New World Guiyang Hotel ⁽³⁾	306

Notes:

- (1) pentahotel Hong Kong Kowloon started operation on 5 August 2013
(2) New World Beijing Hotel started operation on 22 November 2013 and will be in full operations in September 2014 with a total of 309 rooms available
(3) Will be soft-opened on 25 September 2014

Project Summary – Infrastructure Projects

No.	Name of Projects	Gross Length	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Expected/Actual Operation Date	Year of Expiry ⁽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			12/1999	
	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			9/2002	
	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	2022
R6	Guangzhou Dongxin Expressway	46.2 km	Equity	45.9	12/2010	2035
R7	Guangzhou City Nansha Port Expressway	72.4 km	Equity	22.5	12/2004	2030
R8	Guangdong Unitoll Services Incorporated	N/A	Equity	2.0	1/2013	N/A
R9	Hangzhou Ring Road	103.4 km	Equity	95.0	1/2005	2029
R10	Beiliu City Roadways	16.3 km	WFOE	100.0	5/1998	2026
R11	Rongxian Roadways	16.8 km	WFOE	100.0	5/1998	2026
R12	Yulin – Shinan Roadway	27.8 km	CJV	65.0	5/1998	2026
R13	Yulin Shinan – Dajiangkou Roadway		CJV	60.0		
	Phase I	8.7 km			8/1997	2026
	Phase II	30.0 km			1/1999	2024
R14	Roadway No. 321 (Wuzhou Section)		CJV	52.0		2022
	Phase I	8.7 km			3/1997	
	Phase II	4.3 km			12/1998	
R15	Shanxi Taiyuan – Gujiao Roadway (Taiyuan Section)	23.2 km	CJV	60.0 ⁺	7/2000	2025
R16	Shanxi Taiyuan – Gujiao Roadway (Gujiao Section)	36.0 km	CJV	60.0 ⁺	4/1999	2025
R17	Roadway No. 309 (Changzhi Section)	22.2 km	CJV	60.0 ⁺	7/2000	2023
R18	Taiyuan – Changzhi Roadway (Changzhi Section)	18.3 km	CJV	60.0 ⁺	8/2000	2023
R19	Tangjin Expressway (Tianjin North Section)		CJV	60.0 [#]		
	Section I	43.5 km			12/1998	2028
	Section II	17.2 km			12/2000	2028
R20	Tate's Cairn Tunnel	4.0 km	Equity	29.5	6/1991	2018
		720.3 km				

⁺ Cash sharing ratio of 90% for the first 12 years from the operation date and thereafter 60%

[#] Cash sharing ratio of 90% for the first 15 years from the operation date and thereafter 60%

Project Summary – Infrastructure Projects (Continued)

No.	Name of Projects	Installed Capacity/ Handling Capacity	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Expected/ Actual Operation Date	Year of Expiry ⁽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				

* The disposal of interest in Macau Power was completed on 15 July 2014

No.	Name of Projects	Capacity	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Expected/Actual Operation Date	Year of Expiry ⁽¹⁾
Water						
W1	Macau Water Plant	330,000 m³/day	Equity	42.5	1985	2030
W2	Zhongshan Tanzhou Water Plant		Equity	29.0		2027
	Phase I	60,000 m³/day			1/1994	
	Phase II	90,000 m³/day			5/2007	
W3	Zhongshan Dafeng Water Plant		Equity	25.0		2020
	Phase I	200,000 m³/day			4/1998	
	Phase II	300,000 m³/day			11/2008	
W4	Zhongshan Quanlu Water Plant	500,000 m³/day	Equity	25.0	4/1998	2020
W5	Siping Water Plant	118,000 m³/day	Equity	25.0	9/2000	2030
W6	Baoding Water Plant	260,000 m³/day	Equity	27.5	6/2000	2020
W7	Zhengzhou Water Plant	360,000 m³/day	Equity	25.0	8/2001	2031
W8	Panjin Water Plant	110,000 m³/day	Equity	30.0	4/2002	2032
W9	Changtu Water Plant	50,000 m³/day	Equity	35.0	12/2000	2029
W10	Dalian Changxing Island Environmental Services Company	Waste water (O&M[^]): 40,000 m³/day	Equity	47.5	6/2010	2040
W11	Shanghai Spark Water Plant	100,000 m³/day	Equity	25.0	1/2002	2031
W12	Shanghai SCIP Water Treatment Plants		Equity	25.0		2052
	Waste water	50,000 m³/day			4/2005	
	Industrial water	200,000 m³/day			4/2005	
	Demineralized water	4,800 m³/day			2/2008	
W13	Sino French Water Environmental Technology Consulting Company	Waste water (O&M[^]): 10,000 m³/day	Equity	50.0	10/2009	2039
W14	Qingdao Water Plant		Equity	25.0		2027
	Phase I	543,000 m³/day			8/2002	
	Phase II	183,000 m³/day			9/2006	
W15	Qingdao Dongjiakou Waste Water Plant	13,200 m³/day	Equity	16.3	1H2015 (Estimated)	2042
W16	Sanya Water Plant	235,000 m³/day	Equity	25.0	1/2004	2033
W17	Nanchang Water Plant		Equity	25.0		2023
	Phase I	50,000 m³/day			1/1996	
	Phase II	50,000 m³/day			9/2008	
W18	Chengdu Shuangliu Dayi Water Company		Equity	32.5		2043
	Waste water	19,800 m³/day			2/2012	
	Waste water (O&M [^])	15,350 m³/day			1/2010	
W19	Chengdu Chongzhou Dayi Waste Water Plant	40,000 m³/day	Equity	32.5	4/2008	2039
W20	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	

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

Project Summary – Infrastructure Projects (Continued)

No.	Name of Projects	Capacity	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Expected/ Actual Operation Date	Year of Expiry ⁽¹⁾
Water						
W21	Chongqing Tangjiatuo Waste Water Plant	300,000 m³/day	Equity	28.4	1/2007	2036
W22	Chongqing Construction Company		Equity	20.5		2038
	Waste water	100,000 m³/day			2H2014 (Estimated)	
	Sludge treatment	240 tonnes/day			2H2014 (Estimated)	
W23	Chongqing CCIP Water Treatment Plants		Equity	25.5		2055
	Waste water	40,000 m³/day			3/2010	
	Industrial water	120,000 m³/day			3/2010	
W24	Chongqing Environmental R&D Centre		Equity	15.9	11/2013	2043
W25	Wuhan Chemical Industry Park Water Treatment Plants		Equity	21.5		2041
	Waste water	10,000 m³/day			12/2013	
	Industrial water	50,000 m³/day			9/2013	
W26	Tianjin Jieyuan Water Plant	500,000 m³/day	Equity	50.0	8/2002	2022
W27	Tanggu Water Plant	310,000 m³/day	Equity	24.5	4/2005	2034
W28	Xinchang Water Plant	100,000 m³/day	Equity	25.0	3/2002	2032
W29	Changshu Water Plant		Equity	24.5		2036
	Phase I	675,000 m³/day			9/1984	
	Phase II	200,000 m³/day			11/2012	
W30	Jiangsu Water Company		Equity	25.0		2037
	Water	350,000 m³/day			10/2007 [#]	
	Waste Water	300,000 m³/day			10/2007 [#]	
W31	Suzhou Industrial Park Sludge Treatment Plant	300 tonnes/day	Equity	24.5	5/2011	2039
W32	Yangzhou Sludge Treatment Plant	300 tonnes/day	Equity	10.4	1H2016 (Estimated)	2044
W33	Sino French Solutions Company		Equity	50.0	10/2013	
W34	Far East Landfill Technologies Limited	35 million m³	Equity	47.0	6/1995	2045
W35	Shanghai SCIP Waste Incineration Plant	60,000 tonnes/year	Equity	10.0	8/2006	2053
W36	Chongqing Water Group Company Limited		Equity	6.7	1/2001 [#]	
W37	Chongqing Silian Optoelectronics Science & Technology Co. Ltd		EJV	20.0	7/2008	
	Water and industrial water treatment	6,784,000 m³/day				
	Demineralized water	4,800 m³/day				
	Waste water treatment	938,350 m³/day				
	Sludge treatment	840 tonnes/day				
	Waste management	60,000 tonnes/year				
	Landfill	35 million m³				

[#] Date of incorporation

No.	Name of Projects	Handling Capacity	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Expected/Actual Operation Date	Year of Expiry ⁽¹⁾
Ports						
P1	Xiamen Container Terminal Group Co., Ltd.	9,100,000 TEUs p.a.	EJV	13.8	12/2013	2063
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
Logistics						
L1	Beijing Capital International Airport Co., Ltd.		Equity	10.4	10/1999 [#]	
L2	ATL Logistics Centre	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
L3	NWS Kwai Chung Logistics Centre	920,000 sq ft leasable area	Equity	100.0	12/2011	2058
L4	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

[#] Date of incorporation

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

All along, the Company is committed to maintain a high standard of corporate governance practices to safeguard the interests of its shareholders and enhance the performance of the Group. From time to time, the board of Directors (the "Board") reviews and improves its corporate governance practices in order to ensure that the Group is under the leadership of an effective board so as to optimise return for its shareholders.

Corporate Governance Code

Throughout the year ended 30 June 2014, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, with the exception of code provision A.6.4.

Code provision A.6.4 is in relation to guidelines for securities dealings by relevant employees. As required under code provision A.6.4, the Board should establish for its relevant employees written guidelines no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules in respect of their dealings in the securities of the Company. Instead of following the Model Code strictly, the Board has established its own guidelines which are not on no less exacting terms than the Model Code. Such deviation from the CG Code is considered necessary, mainly because of the huge size of employees of the Group which is over 50,000, and the Group's diversified businesses. For these reasons, to follow the exact guidelines of the Model Code will cause immense administrative burden to the Company in processing written notifications from the relevant employees when they deal in the securities of the Company, which can be avoided under the Company's own guidelines.

Directors' Securities Transactions

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

Specific enquiries have been made with all Directors who confirmed that they had complied with the required standard set out in the Model Code during the year ended 30 June 2014.

Board of Directors

Composition

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, both with effect from 1 July 2013. 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 74 to 80 of this Annual Report.

All Directors have 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 had been a Non-executive Director immediately preceding his re-designation and 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 and he will be able to perform his duties as an Independent Non-executive Director impartially and independently, for the following reasons:

- (a) during his tenure 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 Independent Non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board is of the view that all Independent Non-executive Directors are independent in accordance with the Listing Rules.

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 team who works under the leadership and supervision of the two Executive Directors and 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 of the Company 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 in 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 the Directors; and
- (e) to review the Company's compliance with Appendix 14 of 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 into 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 the 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 statues, laws, rules and regulations. From time to time, 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.

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.

All Directors are encouraged to participate in continuous professional development activities to develop and refresh their knowledge and skills. From time to time, the Company has arranged in-house trainings for the Directors in the form of seminars and reading materials. A summary of training received by the Directors for the year ended 30 June 2014 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	✓	–
Dr. 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	✓	✓
<i>Non-executive Directors</i>		
Mr. Doo Wai-Hoi, William	✓	–
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 (<i>alternate to Mr. Cha Mou-Sing, Payson</i>)	✓	–
Mr. Ho Hau-Hay, Hamilton	✓	–
Mr. Lee Luen-Wai, John	✓	–
Mr. Liang Cheung-Biu, Thomas	✓	–

* Resigned on 22 July 2013

Chairman and Executive Directors & Joint General Managers

Dr. Cheng Kar-Shun, Henry, the Chairman, has led the Board and ensured that the Board works effectively and that all important issues are discussed in a timely manner. Dr. Cheng Chi-Kong, Adrian and Mr. Chen Guanzhan, the two Executive Directors & 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 Executive Directors & Joint General Managers are clearly set out in their respective letters of appointment. The positions of the Chairman and the two Executive Directors & 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 Company. 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.

Board Committees

The Board currently has four committees, namely the Executive Committee, Audit Committee, Remuneration 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>)
	Dr. 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

The Board has delegated to the Executive Committee comprising all Executive Directors 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:

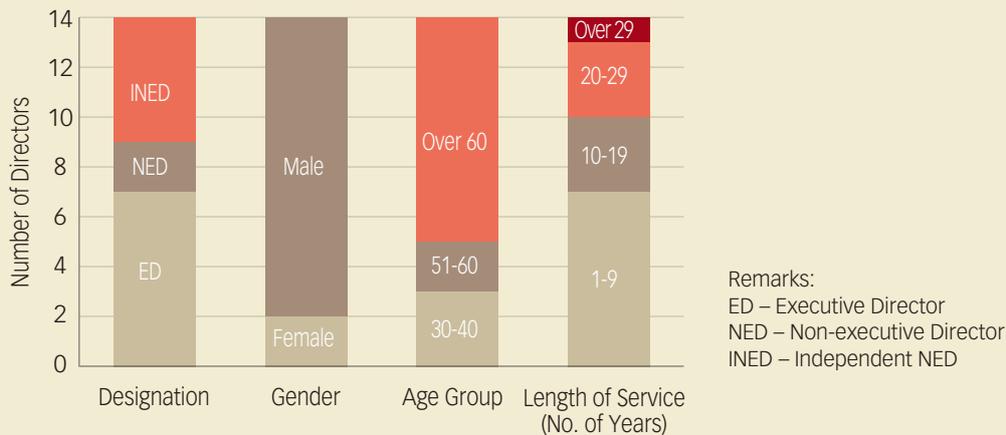
Independent Non-executive Directors	Mr. Cha Mou-Sing, Payson (<i>Chairman</i>)
	Mr. Yeung Ping-Leung, Howard
	Mr. Ho Hau-Hay, Hamilton
	Mr. Lee Luen-Wai, John
	Mr. Liang Cheung-Biu, Thomas*

* became member on 24 September 2014

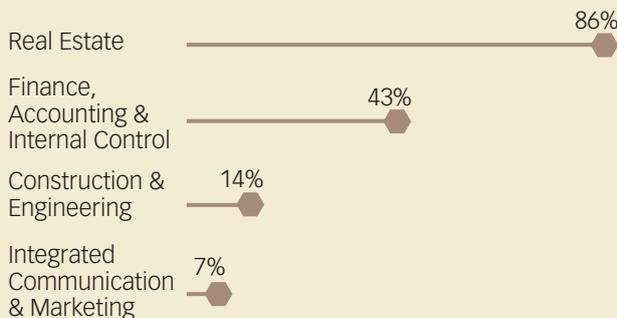
The Board adopted a Board Diversity Policy (the "Policy") in August 2013 which sets out the approach by the Company to achieve diversity on the Board. Under the Policy, the Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining its competitive advantage and supporting its sustainable development. In determining an optimum composition of the Board, the Company will consider all aspects of diversity and will also take into account factors based on its own business model and specific needs from time to time. Board members' appointment will be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, skills, regional and industry experience and expertise, cultural and educational background, and professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Currently, the Board consists of 14 members coming from diverse professional backgrounds, of which more than one-third are Independent Non-executive Directors. The Board considers the current Board composition has provided a good balance of skills and experience appropriate to its business needs and will continue to review its composition from time to time taking into account of the Group's business development requirements. The diversity mix of the Board is summarised in the following charts:

Diversity Mix



Areas of Experience



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 2014				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Annual General Meeting	Extraordinary General Meeting
<i>Executive Directors</i>					
Dr. Cheng Kar-Shun, Henry	5/5	–	1/1	1/1	2/2
Dr. Cheng Chi-Kong, Adrian	5/5	–	–	1/1	2/2
Mr. Chen Guanzhan	5/5	–	–	1/1	2/2
Ms. Ki Man-Fung, Leonie	5/5	–	–	1/1	2/2
Mr. Cheng Chi-Heng	2/5	–	–	0/1	0/2
Ms. Cheng Chi-Man, Sonia	4/5	–	–	1/1	2/2
Mr. Au Tak-Cheong	5/5	–	–	1/1	2/2
<i>Non-executive Directors</i>					
Mr. Doo Wai-Hoi, William	5/5	–	–	1/1	2/2
Mr. Liang Chong-Hou, David*	–	–	–	–	–
Mr. Cheng Kar-Shing, Peter	5/5	–	–	1/1	0/2
<i>Independent Non-executive Directors</i>					
Mr. Yeung Ping-Leung, Howard	5/5	2/2	1/1	0/1	2/2
Mr. Cha Mou-Sing, Payson	5/5	2/2	1/1	0/1	0/2
Mr. Ho Hau-Hay, Hamilton	5/5	1/2	1/1	1/1	1/2
Mr. Lee Luen-Wai, John	5/5	2/2	1/1	1/1	2/2
Mr. Liang Cheung-Biu, Thomas	4/5	–	–	1/1	1/2

* Resigned on 22 July 2013

Auditor's Remuneration

During the year ended 30 June 2014, 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	
	2014 HK\$m	2013 HK\$m
Audit services	65.6	60.8
Non-audit services	18.4	12.5
Total	84.0	73.3

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 its reporting responsibilities on the financial statements of the Company and the Group is set out in the Independent Auditor's Report on page 125 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 internal audit of the Company and its subsidiaries, joint ventures 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 control measures 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 81 of this Annual Report.

Constitutional Documents

No change has been made to the Company's Memorandum and Articles of Association during the year. Changes reflecting the impact of the new Companies Ordinance which came into effect on 3 March 2014 will be proposed and considered by shareholders at the annual general meeting to be held on 19 November 2014. Details are set out in the circular sent to the shareholders together with this Annual Report.

Shareholders' Rights

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

Shareholders representing at least 5% of the total voting rights of all the shareholders of the Company having a right to vote at general meetings can deposit a written request to convene an EGM at the registered office of the Company for the attention of the Company Secretary. Such requisition, signed by the shareholders concerned, must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. 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 after the date on which the Directors become subject to the requirement to call a meeting.

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

- (i) shareholders representing at least 2.5% of the total voting rights of all shareholders of the Company having the right to vote at the shareholders' meeting; or
- (ii) at least 50 shareholders of the Company having the right to vote at the meeting,

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 at annual general meeting, and not less than seven days before the meeting in the case of requiring circulation of statement. Upon the request verified to be valid, the Company will give notice of the resolution or circulate the statement.

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 as a Director 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"; and
- "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 the external auditor attend the annual general meeting to meet the shareholders. 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 Company 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 70 to 73 of this Annual Report.

INVESTOR RELATIONS

New World Development recognises the importance of maintaining effective communication with shareholders and investors, strives to convey clear messages to shareholders for a proper assessment of the company effectively. Through the Investor Relations Department, the Chairman and the Board engage retail shareholders, institutional investors and analysts via regular meetings, conference calls, roadshows and announcements. Shareholders' Communication policy was approved and adopted by the Board to set out the company's standards and practice in relation to communicating with its shareholders and prospective investors. The Group's investor relations practice continued to be highly recognised by the capital market, earning a high degree of trust and confidence of market participants.

Going forward, the Company will adhere to its mission and commit to long-term value creation for shareholders in all aspects. The Group's Investor Relations team will continue to serve the best interests of shareholders, ensuring regular and proactive communications with shareholders are all in place.

High standard of corporate disclosures

The Company endeavours to maintain a high standard of corporate disclosures in compliance with the legal and regulatory requirements. The Group views the Annual General Meeting ("AGM") as an important forum to engage and communicate with shareholders and stakeholders of the Company. Every year, the Chairman, members of the Board and senior management of the company make themselves available for AGM to review the business financial and operations. Shareholders are encouraged to attend, express their views, and vote upon significant company affairs by poll during the meeting. Management will also invite independent auditor to attend AGM to respond to questions on the audited financial statements. The poll results will be available on the Company's website within a reasonable period after the AGM.



The Company has placed strong emphasis on maintaining high standards of investor relations to update the investors of our latest developments formally and comprehensively. The Group treats the annual report as another

important public disclosure channel to communicate with shareholders. In addition to the audited financial statements of the Company, the report sets out the Company's operations, achievements and business developments of the year.



Management's visions, strategic directions and business plans are also clearly presented to shareholders and potential investors, which help assessing the Company holistically before making necessary investment decisions.

We believe that quality and timely corporate disclosures are crucial to protect the interest of our shareholders. Through voluntary announcements and pursuant to the listing rules, price-sensitive information, latest movements, and relevant information related to the Company and/or its subsidiaries are released as soon as possible on the Stock Exchange of Hong Kong and the Company's website.

All members of investment community would be able to access to same pieces of information at the same time. To facilitate convenient access to the Group's latest information, announcements, and annual reports, etc, a dedicated investor relations website (<http://ir.nwd.com.hk>) has been set up to clearly present corporate information to stakeholders. Performance highlights and projects summary listed on the website are also updated periodically enabling the market to fully evaluate the Group's operations comprehensively.

Investors of New World Development are encouraged to raise questions regarding the Group's corporate announcement and/or shareholders' interests via phone or email. Investor enquiries are properly logged and handled pursuant to the Shareholders' Communication Policy. An online enquiry form is also set in the website to facilitate overseas investors communicating with the Company efficiently.





Major investor relations activities in FY2014

The Group makes full use of opportunities to establish face-to-face engagement with investors. With the participation of the Board and senior management, press conferences followed by analysts' briefings are organised on the date of results announcement to further explain the Group's financial positions. Feedbacks from the investment community are directly reverted to the management to promote two-way communications between the Board and the investors.

Besides, conference calls, one-on-one meetings, small group meetings, investor conference, luncheons as well as non-deal roadshows are often regularly organised by the Investor Relations team to discuss into details the Group's latest developments and future business plans with institutional investors and sector analysts. Currently, New World Development is covered by a group of property analysts from various international investment banks. Research reports and company updates are published frequently, being one of the most

informative and resourceful references supporting one's investment judgements.

In addition to meetings, property tours to the Group's major projects in Hong Kong and Mainland China are organised regularly to strengthen market's understanding to our property development and investment businesses. Notable improvements in product quality and project management, which support positive valuations, are widely observed by the investment community after site visits.

During the year under review, the Group had joined over 20 global investor conferences and roadshows held in Mainland China, Singapore, the U.S. and Europe. The Group has also maintained active communications with over 800 investors and analysts. Visits to Shanghai K11, one of our flagship developments in Mainland China, as well as visits to Hong Kong residential projects such as Park Signature, The Woodville, The Austin, EIGHT SOUTH LANE and Grand Austin, either the show flats or construction sites, have been organised for over 50 investors and analysts.





Market recognitions

The high standard of investor relations and corporate disclosure achieved significant public recognitions.

New World Development garnered “Outstanding Enterprise Awards 2013 – Outstanding in January 2014 Investor Relations” from Quamnet, a key financial portal in Hong Kong. The Company has claimed a total of four awards in “4th Asian Excellence Recognition Awards” in March 2014 organised by the renowned corporate governance publication Corporate Governance. Awards garnered include: “Asia’s Best CEO (Investor Relations) – Mr. Adrian Cheng”, “Asia’s Best CFO (Investor Relations) – Mr. Au Tak Cheong”, “Best Investor Relations Officer – Mr. Aldous Chiu” and “Best Investor Relations Company”. New World Development has also been awarded “Top 100 – Comprehensive Strength” in Top 100 Hong Kong Listed Companies Selection 2013 organised by Finet and QQ.com, and “IFAPC Outstanding Listed Company Award 2013” by The Hong Kong Institute of

Awards garnered by New World Development’s FY2013 annual report

Competition	Award	Organiser
27th International Mercury Awards	Silver Award – Annual Reports	MerComm, Inc.
	– Overall Presentation: Multi-Industry	
LACP 2013 Vision Awards	Bronze Award – Annual Reports	League of American Communications Professionals LLC (LACP)
	– Overall Presentation: Property Development	
	Gold Award – Conglomerates: Holding Companies: Diversified Investment	
	Bronze Award – Real Estate/REIT	
28th International ARC Awards	Top 80 Asia-Pacific Annual Reports (Rank 27)	MerComm, Inc.
	Top 100 Worldwide Annual Reports (Rank 81)	
	Top 20 Chinese Reports	
	Gold Award – Interior Design	
	– Property Development: Residential	
	Silver Award – Cover Photo/Design	
	– Property Development: Residential	
	Silver Award – Cover Photo/Design – Real Estate Development/SVC: Various & Multi-Use	
	Silver Award – Illustrations – Property Development: Niche Market	
	Bronze Award – Traditional Annual Report – Property Development: Residential	
	Honour Award – Photography	
	– Property Development	

Financial Analysts and Professional Commentators in 1H FY2014.

The Group highly values good communication with its shareholders and other parties via the annual report. Financial information and other relevant content of the annual reports are prudently prepared to uphold accuracy and corporate transparency.

New World Development’s FY2013 annual report has garnered various awards, recognising its efforts in conveying clear messages to shareholders for a proper assessment of the company. Its high standard of investor relations has always been well received by shareholders and the capital market.

DIRECTORS' PROFILE



Dr. Cheng Kar-Shun, Henry

GBS (Aged 67)

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 and executive director of NWS Holdings Limited, Chow Tai Fook Jewellery Group Limited and International Entertainment Corporation, the chairman and non-executive director of New World Department Store China Limited and Newton Resources Ltd, an independent non-executive director of HKR International Limited and Hang Seng Bank Limited, 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 Dr. 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.



Mr. Doo Wai-Hoi, William

JP (Aged 70)

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 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 Dr. Cheng Chi-Kong, Adrian, Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Heng.



Dr. Cheng Chi-Kong, Adrian

(Aged 34)

Appointed as an Executive Director in March 2007, and became Executive Director and Joint General Manager from March 2012. Dr. Cheng is a member of the Executive Committee of the Board of Directors of the Company. Dr. 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. Dr. Cheng worked in a major international bank prior to joining the Group in September 2006 and has substantial experience in corporate finance. Dr. Cheng holds a Bachelor of Arts Degree (*cum laude*) from Harvard University, and was conferred the Honorary Doctorate of Humanities by the Savannah College of Art and Design. He is the vice-chairman of 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.



Mr. Chen Guanzhan

(Aged 55)

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 57)

Appointed as a 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 (Aged 72)

Appointed as a 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 and an independent non-executive director of Hong Kong International Theme Parks Limited.

Mr. Cheng Kar-Shing, Peter

(Aged 62)

Appointed as a 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 Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia.



Mr. Cha Mou-Zing, Victor

(Alternate Director to Mr. Cha Mou-Sing, Payson) (Aged 64)

Appointed as an 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 63)

Appointed as a 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.



**Mr. Lee Luen-Wai, John**

BBS, JP (Aged 65)

Appointed as an 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 the 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 67)

Appointed as a 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 Audit Committee and 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.

Ms. Ki Man-Fung, Leonie

SBS, JP (Aged 67)

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. 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, chairman of the Working Group of the "Bless Hong Kong Campaign", Societal Engagement Task Force of the Commission on Poverty, council member of UNICEF Hong Kong Committee, trustee member of Ocean Park Conservation Foundation, honorary secretary of Wu Zhi Qiao Charitable Foundation, 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 36)

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 and a non-executive director of China Huishan Dairy Holdings Company Limited, both are listed public companies 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 Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia.



**Ms. Cheng Chi-Man, Sonia***(Aged 33)*

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 chairman of the advisory committee of the School of Hotel and Tourism Management at The Chinese University of Hong Kong and member of the advisory committee of the School of Hotel & Tourism Management Industry at The Hong Kong Polytechnic University. She is a member of the Y. Elites Association, the Young Presidents' Organization, the Hong Kong United Youth Association and the Eleventh Guizhou Municipal Committee of The Chinese People's Political Consultative Conference. Ms. Cheng is the daughter of Dr. Cheng Kar-Shun, Henry, the sister of Dr. 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 62)*

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 55)

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 specialising 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 60)

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 has been working in Buildings Department of the Government of the Hong Kong Special Administrative Region. He was the project director of a listed company in Hong Kong which he also 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

New World Group believes that building a better and harmonious community is as important to society as delivering quality development projects. The Group strives to incorporate the ideals of sustainability into its daily operations with the aim of striking a balance between business growth and the Group's responsibilities towards the environment, its employees and the communities in which it operates.

MANAGEMENT APPROACH TO CORPORATE SUSTAINABILITY

The Group Sustainability Steering Committee, chaired by Dr. Adrian Cheng, Executive Director and Joint General Manager, sets the Group's Sustainability Policy and is responsible for formulating overall direction for the Group's sustainable future. Group companies have also set up their own sustainability committees, with the flexibility to implement sustainable development programmes based on their own specific operational needs. A Group Sustainability Taskforce was also established to facilitate lateral communication and share best practices in implementing sustainability initiatives among group companies.

IMPROVING SOCIAL MOBILITY OF UNDER-RESOURCED COMMUNITIES

The New World Group Charity Foundation was established in 2011 to provide tangible, on-the-ground support to various sports, art and cultural programmes initiated by the Group. New World Springboard, our flagship sustainable community project, aims to improve social mobility of the under-resourced and fostering harmony in society.

GROOMING THE NEXT GENERATION AND RETAINING TALENT

New World Group firmly believes that our employees are key to an organisation's sustainable development. The Group values every staff and believes they should grow with us. Comprehensive training opportunities are offered to staff continuously at various stages along their career paths to support their personal development and sustainable growth of the Group.

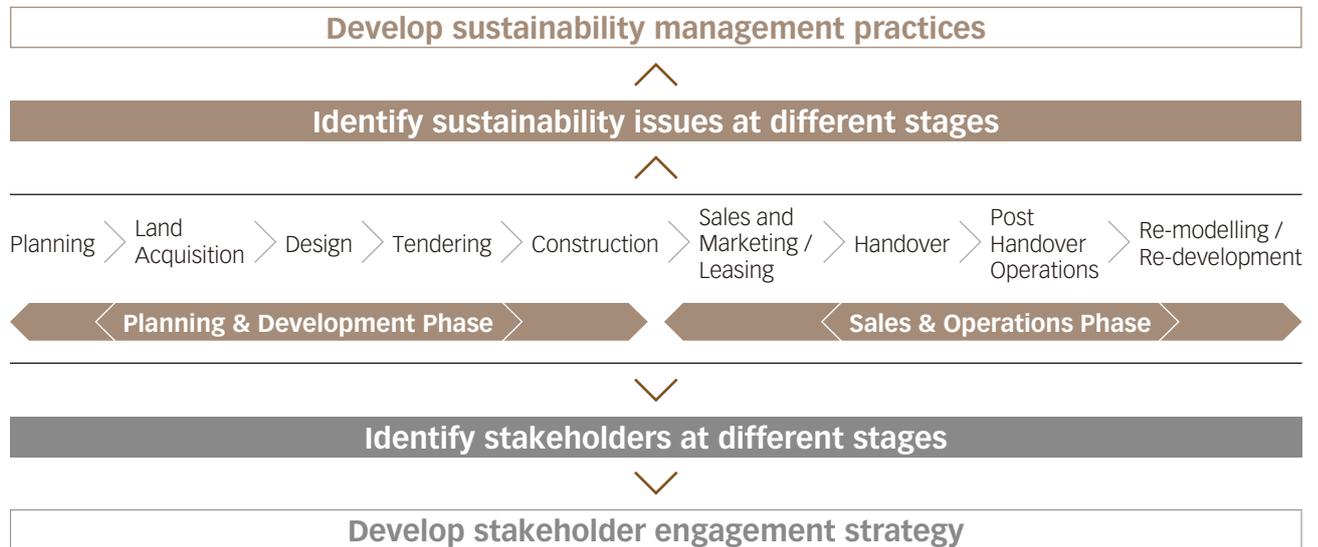
SUSTAINABLE PROPERTY DEVELOPMENT

The Group has developed a holistic approach to addressing sustainability issues that arise during the life cycles of its property development projects. The model aims to ensure that all sustainability issues are addressed and all relevant stakeholders are consulted at the various stages of a development life cycle.

IMPROVING TRANSPARENCY IN SUSTAINABILITY REPORTING

The Group published its first sustainability report in early 2013. The report was independently verified in accordance with the international Global Reporting Initiative (GRI) 3.1 sustainability reporting framework.

Environmental Sustainability



SUSTAINABLE PROPERTY DEVELOPMENT

To put into practice New World Group's mission, "Care for the communities we serve; respect the environment in which we live", the Group has developed a life-cycle model for sustainable property development to ensure that sustainability issues and stakeholder engagement are addressed on a holistic rather than piecemeal basis. For example, more recyclable materials can be incorporated during the design stage to facilitate the recycling of building materials and minimise waste to landfills at the end of the development's life cycle.

ACTIVE PURSUIT OF GREEN BUILDING CERTIFICATION

New World Group actively pursues green building certification for its development projects. During the year under review, 87% of the Group's development projects in Hong Kong (hereafter in terms of total gross floor area) have applied for green building certification (BEAM or BEAM Plus), a significant improvement from 62% in 2010.

87%

of projects in Hong Kong have applied for green building certification

All In for Hong Kong's Sporting Extravaganza

Sports help individuals build self-confidence and unleash potential, and promote harmony in the community. By organising major sporting events, the Group unites members of society and encourages a spirit of perseverance.



HISTORIC RACE AT VICTORIA HARBOUR GOES INTERNATIONAL

Since 2011, New World Group has been the title sponsor of New World Harbour Race, organised by the Hong Kong Amateur Swimming Association, for the fourth consecutive year. New World Harbour Race 2013 was awarded the "M Mark" status for the second consecutive year and was recognised as an official event of the "Hong Kong: Our Home" campaign, a recognition of its significance as an iconic event in Hong Kong.

Participation in New World Harbour Race 2013 hit a new record high, with the new international category

successfully bringing the event onto the global stage. For the general public, a new Leisure Group category was introduced to allow more qualified swimmers to take part in the event. With the participation from international elite swimmers, New World Harbour Race 2013 offered a venue for competition among local and international swimmers while promoting Hong Kong's indomitability and vitality.

New World Harbour Race 2013 won the Silver Award in the Culture and Sports category at the 11th China Golden Awards for Excellence in Public Relations for its outstanding public relations strategy.





ELITE TRI-ATHLETES COMPETE IN THE CITY

New World International Triathlon 2013, is the very first international triathlon held in urban Hong Kong. The race features swimming, biking and running, showcasing athletes' determination to overcome one challenge after another.

With the world-renown Victoria Harbour as a backdrop, the race attracted over 300 athletes, including a number of Olympians, from all over the world to compete on the Tsim Sha Tsui harbour front. In addition to furthering the development of sport of triathlon in Hong Kong, the Group aims to promote the ideal of persistence



and determination and bring to Hong Kong another iconic international sporting event.

CYCLING FOR A LOW-CARBON LIFESTYLE

New World Cycling Charity Championship 2013 was held in Sha Tin. In addition to the promotion of cycling, the race also helped to raise funds for a charitable organisation. Through supporting this event, the Group hopes to advocate cycling as a leisure activity as well as a means of short-distance transportation that improves the public health and promotes a low-carbon lifestyle.



EMPLOYMENT OF RETIRED ATHLETES



Over the years, the Group has been collaborating with the Hong Kong Athletes Career and Education Programme under the Sports Federation & Olympic Committee of Hong Kong to provide employment opportunities for retired athletes. The Group helps them adapt to the commercial sector, and in return, their athletic spirit of high motivation have a positive influence on staff members of the Group.

The Group regularly organises the New World F.I.T. Sports Day in which sports venues are arranged to encourage staff to do more exercise and maintain a work-life balance. To introduce various sports to staff, there are also training classes, plus the corporate volleyball, long-distance running and basketball teams to build team spirit.



**K11 Art Foundation
("KAF")**

Being a Hong Kong registered charitable institution, K11 Art Foundation (KAF) aspires to become a sustainable incubation force in the global ecosystem of art, and to create strong public desire for the local contemporary art scene.

KAF serves as a springboard for young emerging artists from Greater China where new artistic talents are nurtured and their creative ideas and contribution to humanity globally manifested. Through KAF's innovative education programmes such as artist talks, seminars, workshops and exhibitions across Greater China, as well as a unique contemporary art collection, KAF provides the public easy access to appreciate art and thereby elevate collective understanding of culture.

KAF is to offer a creative platform to talented young artists from Greater China which provides them with opportunities to showcase their full potential and reach a larger audience via initiatives such as the Artist-in-Residence Programme and cross-regional experimentations such as the Artist Exchange Programme. Through facilitating a diverse array of art exhibitions, workshops and seminars, KAF strives to strengthen the public's art awareness and appreciation in order to enrich the city's art scene and enable it to become the leading multi-cultural art hub among its neighbouring peers.

GLOBAL SPECIAL EVENTS



The China Symposium@The Armory Show



Space Painting by Zhang Enli @Art Basel Hong Kong



Master of Impressionism - Claude Monet@K11 Shanghai



Ink Art: Past as Present in Contemporary China@The Metropolitan Museum of Art (The MET)



Social Sculpture: Beuys in China @Art Museum, China Central Academy of Fine Arts

HONG KONG

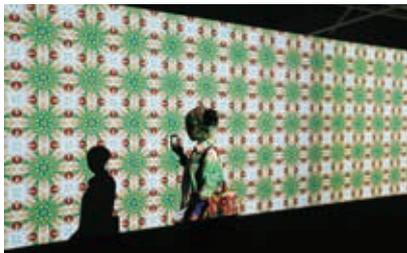


Polar Power



SCM7/K11 - Transcendent Ordinairiness

SHANGHAI



Truth, Beauty, Freedom and Money:
Art After Social Media Era



Tepei Kaneuji: Towering Something

WUHAN

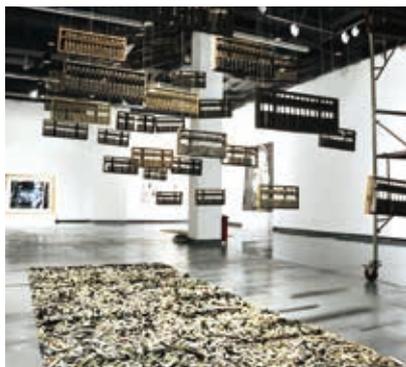


The Post-Linguistic Context - Extended Territory And Weathered Homeland



K11 ART VILLAGE

In K11 Art Foundation's (KAF) continual effort to promote the development of young talents in the contemporary arts sector, K11 Art Village is established with the aim to nurture artists by providing a platform and means for them to create art. This is achieved through the Artist-in-Residence Programme, which invites passionate and creative individuals to KAF's artist studios. The participants are able to cultivate their artistic accomplishments through KAF's resources and networks and the programme facilitates further support by bringing the artists' works to the nationwide and international stage of K11 via open art activities and exhibitions.



LOCAL ARTIST-IN-RESIDENCE PROGRAMME

KAF sponsors local young artists in Hu Bei region to provide them access to the artist studio and exhibition space in K11 Art Villages from three months to a year, as well as the chance to plan and participate in art activities to support the growth of local art.



ARTIST EXCHANGE PROGRAMME

The Artist Exchange Programme selects two outstanding participants from the Artist-in-Residence Programme each year to offer two studios outside of the region to facilitate a short term artistic exchange. This programme spans across Hong Kong, Wuhan, Shanghai and other K11 art space locations.



New World Springboard

New World Group strives to build a harmonious and inclusive society through sustainable community programmes that ensure equal opportunities for all and promote social mobility. The Group cares about the under-resourced, particularly children and youths, with continuous efforts to help them develop a positive attitude, build self-confidence and rise out of intergenerational poverty.

New World Springboard was launched with this mission in 2012. Funded by the New World Group Charity Foundation, the sustainable community programme provides under-resourced youths between the ages of seven and 12 with up to seven years of professional sports training. These long-term efforts improve social mobility for the betterment of the community by helping students unleash their potential, foster perseverance and embrace life's challenges with a positive attitude. A wide variety of activities are also organised to expand their horizons. The Mentorship Programme is another integral part of New World Springboard. Staff members are recruited as mentors to offer students guidance, encouragement and support for their personal development. Different components and activities have worked to make New World Springboard more comprehensive and fulfilling.



RAISING ELITE ATHLETES WITH SUSTAINED AND LONG-TERM PROFESSIONAL SPORTS TRAINING

The Group has joined forces with the Hong Kong Amateur Swimming Association and the Hong Kong Basketball Association to launch the New World Swimming Academy and the New World Basketball League respectively to offer under-resourced youths professional swimming and basketball training. The two programmes also train students to be persistent in the face of adversity, while building up their athletic potential.

As at 30 June 2014, the programme has contributed a total of 71,000 training hours to almost 400 participants across six relatively impoverished districts in Hong Kong, providing opportunities for young basketball and under-resourced swimming enthusiasts to achieve self-improvement and realise their full potential.



BUDDING SWIMMERS SHINES

Talented swimmers are given opportunities to showcase their encouraging results after months of hard work. In May 2014, the 1st New World Springboard Inter-District Championships was organised, in which close to 150 student participants competed against each other, demonstrating their determination and sportsmanship. In addition, the Group invited two members of the Hong Kong swimming team, Chan Kin-lok and Wong Chun-yan to give a swimming demonstration and offer their invaluable experience of being professional swimmers.





Promising students from the programme have also begun to emerge in public competitions. A 12-year-old participant from Tung Chung took on a challenge in New World Harbour Race 2013. He was one of the youngest contestants and attracted extensive media attention. More qualified young swimmers from the programme will take part in New World Harbour Race 2014 scheduled for October 2014.

PROMOTING SPORTSMANSHIP THROUGH TEAM SPORTS

Building team spirit and sportsmanship, as well as persistence and determination, are the key objectives of the programme. The Group holds the Inter-district Basketball Tournament for students of New World Basketball League every year. The tournament gives over 100 students from five districts the opportunity to compete with each other and put into practice the basketball skills they have acquired, while gaining an understanding of the importance of teamwork and sportsmanship.



ALL-ROUNDED SUPPORT BY "STAR MENTORS" FOR HOLISTIC DEVELOPMENT

Besides offering athletic training and expanding students' horizons, the Group has expended effort into helping their psychological development. Launched in 2013, the New World Springboard Mentorship Programme has recruited over 400 staff members as mentors to help the students leap into a brighter future.



To further enhance the programme, "Star Mentors" were introduced in early 2014 to offer students one-on-one coaching to help them build a brighter future. The programme enhances mutual trust between mentors and mentees through different activities. To recognise staff members' contributions to the programme, the Group commends outstanding mentors and volunteers with the New World Springboard Annual Outstanding Mentor Award and Love · New World Volunteers Club Outstanding Volunteer Award respectively.



NEW PARENT CLUB PROMOTES POSITIVE ATTITUDE

In addition to holistic development for students, the programme also extends its support to their parents. The New World Springboard Parent Club was established in May 2014 to support parents in nurturing their kids through instilling in them positive thinking. Guidance and adolescent psychological development training are offered to assist parents in learning best-practice parenting concepts to foster children's well-rounded development.



Pioneering in Staff Care

In fulfilling its family-friendly mission and promoting a caring culture, the Group launched a series of family-friendly policies in 2014. By extending its care for staff's family members, the Group strives to help staff achieve a healthy balance between family and work needs.

FAMILY CARE LEAVE

Understanding staff's needs to take care of their family members, the Group introduced in 2014 the Family Care Leave which allows staff to take paid leave to take care of their spouse, children or parents who have fallen sick.

FLEXIBLE WORKING HOURS

The Group considers staff to be its most valuable asset. To enhance staff morale and work efficiency, Flexible Working Hours was introduced during the year. Under the scheme, staff members may choose to shift their official working hours either earlier or later.



EDUCATION SPONSORSHIP SCHEME

The Group sees nurturing and encouraging the young with potential an important element to achieve sustainable development. During the year, the Inventing Your Future Education Sponsorship Scheme was launched to provide staff's children with good potential with textbook and tuition fee subsidies.



NURTURING TALENT

Committed to nurturing talent, the scheme New World University offers long-term and continuous training programmes such as the New World Star Executive Development Programme, the Accelerating Management Talent Programme, the New World YoungSTAR Programme, the Management Trainee programme. These are complemented with the Annual Group Management Forum and a series of training courses aimed at honing leadership skills and knowledge among staff of different levels.

Also, regular sharing sessions by senior executives and representatives from other corporations and professionals such as accountants, lawyers and government officials are held to bring a wide spectrum of knowledge and success stories to participants.

Striving for Improvement Through UNITI

The Group's core values UNITI represents You (U), New World (N), Innovation (I), Trust (T) and Improvement (I). UNITI is also homonymous with "unity", a spirit that is promoted amongst members of the New World family. To fully put "UNITI" into practice, the Group organises various campaigns to promote and foster communications and encourage staff to advance with innovation and improvement.



CULTURAL AMBASSADOR PROGRAMME

To foster an open, creative, encouraging and positive working culture, the Group launched the "Cultural Ambassador Programme" in 2013. Cultural Ambassadors are recruited from staff, forming teams to visit all major corporate offices of Group companies and workplaces of frontline staff. Through presentations, performances and giving of souvenirs, the Cultural Ambassadors promote corporate culture to new staff members and strengthening cultural awareness among current staff to enhance internal communication and synergy across the Group.

"UNITI CIRCLE" PROGRAMME

On 27 March 2013, the Group launched UNITI Circle, an employee-driven staff engagement initiative in which staff members proactively form groups and put forward proposals on practical improvement measures. In addition to receiving recognition, outstanding proposals are adopted in relevant business units to enhance job satisfaction and raise the quality of the Group's products and services.



ANNUAL OUTSTANDING EMPLOYEE AWARD

The Group launched the Annual Outstanding Employee Award since 2013 to encourage staff to deliver their best performance. Nominations are reviewed by a judging panel comprising senior management of Group companies. Staff who exhibit outstanding performance in their respective aspects are awarded as a token of the Group's appreciation for their contribution.

CORPORATE INFORMATION

Emeritus Chairman

Dato' Dr. Cheng Yu-Tung

Board of Directors

Executive Directors

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

Dr. 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

lu, Lai & Li

Eversheds

Share Registrar and Transfer Office

Tricor Tengis Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
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 of the Company at:

30/F., New World Tower,
18 Queen's Road Central,
Hong Kong

Tel: (852) 2523 1056

Fax: (852) 2810 4673

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Website

www.nwd.com.hk

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REPORT OF THE DIRECTORS

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

Group activities

The principal activities of the Company remain investment holding and property development and investment. The principal activities of the principal subsidiaries, joint ventures and associated companies are shown in notes 51, 52 and 53 to the financial statements on pages 233 to 253.

Results and appropriation

The results of the Group for the year ended 30 June 2014 are set out in the consolidated income statement on page 126 of this annual report.

The Directors have resolved to recommend a final dividend for the year ended 30 June 2014 of HK\$0.30 per share (2013: HK\$0.30 per share) to shareholders whose names appear on the register of members of the Company on 24 November 2014. Together with the interim dividend of HK\$0.12 per share (2013: HK\$0.12 per share), the total dividend for the financial year ended 30 June 2014 is HK\$0.42 per share (2013: HK\$0.42 per share).

The Directors propose that shareholders be given the option to receive the final dividend in new shares in lieu of cash. The scrip dividend arrangement is subject to (1) the approval of the proposed final dividend at the annual general meeting to be held on 19 November 2014; and (2) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant to this proposal. A circular containing the details of the scrip dividend arrangement will be despatched to shareholders together with the form of election for scrip dividend on or about 26 November 2014. It is expected that the final dividend warrants and share certificates for the scrip dividend will be despatched to shareholders on or about 30 December 2014.

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 2014 amounted to HK\$14,245.5 million (2013: HK\$13,836.6 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

On 4 June 2014, the maturity date of the HK\$6,000 million zero coupon guaranteed convertible bonds (the "Bonds") issued by Sherson Limited ("Sherson"), a wholly owned subsidiary of the Company, all outstanding Bonds were redeemed by Sherson at 128.3716% of the principal amount.

Save as disclosed above, 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\$124.6 million (2013: HK\$53.2 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.

Major acquisition and disposal

1. On 27 May 2013, the Group, through New World Department Store China Limited (“NWDS”), entered into an agreement with independent third parties to acquire the entire equity interest in Shanghai Hongxin Properties Company Limited (“Hongxin Co”) for a gross consideration of RMB1,250.0 million (equivalent to approximately HK\$1,582.3 million). Hongxin Co owns and operates a shopping mall in Shanghai. The acquisition was completed on 30 July 2013.
2. On 26 November 2013, the Group, through NWDS, acquired the entire interest in Shanghai New World Huizi Department Store Co., Ltd. (“Shanghai Huizi”) for a consideration of RMB280.0 million (equivalent to approximately HK\$354.4 million) from independent third parties. Shanghai Huizi is engaged in the operation of a department store in Shanghai.
3. On 17 December 2013, the Group, through NWS Holdings Limited (“NWSH”), entered into an agreement with independent third parties to acquire approximately 8.84% of the total issued share capital of Beijing Capital International Airport Co., Ltd. (“BCIA”) for a consideration of HK\$2,356.0 million (exclusive of transaction costs). BCIA is engaged in the operation of an international airport in Beijing and accounted for as an associated company of the Group. The transaction was completed on 20 December 2013.
4. On 20 December 2013, the Company and Upper Start Holdings Limited (“Upper Start”), a wholly owned subsidiary of the Group, entered into a share purchase agreement with HKT Limited (“HKT”), CSL New World Mobility Limited (“CSLNW”), Telstra Holdings (Bermuda) No. 2 Limited (“Telstra Bermuda”) and Telstra Corporation Limited pursuant to which Telstra Bermuda and Upper Start had conditionally agreed to sell and HKT had conditionally agreed to purchase the entire issued share capital of CSLNW, an associated company of the Group, for an aggregate purchase price of US\$2,425.0 million (equivalent to approximately HK\$18,866.5 million) subject to adjustments. The share of consideration to be received by Upper Start amounted to approximately US\$572.3 million (equivalent to approximately HK\$4,452.5 million). The transaction was completed on 14 May 2014 and the Group recognised a gain on disposal of interests in an associated company of approximately HK\$1,751.8 million for the year ended 30 June 2014.

Connected transactions

Connected transactions of the Company during the year and up to the date of this report are set out on pages 100 to 108.

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 124.

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*)

Dr. 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 103(A) of the Company's Articles of Association, Ms. Ki Man-Fung, Leonie, Mr. Cheng Chi-Heng, Mr. Cheng Kar-Shing, Peter, Mr. Ho Hau-Hay, Hamilton and Mr. Lee Luen-Wai, John 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 as at the date of this report are Mr. Cha Mou-Sing, Payson, Mr. Yeung Ping-Leung, Howard, Mr. Ho Hau-Hay, Hamilton, Mr. Lee Luen-Wai, John and Mr. Liang Cheung-Biu, Thomas. 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

Save for contracts amongst group companies, 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 2014, 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 109 to 123.

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
	International Entertainment Corporation group of companies	Hotel operations	Director
	Lifestyle International Holdings Limited group of companies	Department stores operations and property investment	Director
	Supreme Harvest Development Limited group of companies	Property investment and development	Director
	Silver City International Limited group of companies	Property investment and food and beverage operations	Director
	Sunshine Dragon Group Limited group of companies	Property investment	Director
Mr. Doo Wai-Hoi, William ("Mr. Doo")	Amelia Gold Limited group of companies	Property investment	Director and shareholder
	Fung Seng Enterprises (Holdings) Limited group of companies	Property investment	Director and shareholder
	Fung Seng Enterprises Investment Company Limited group of companies	Property investment	Director and shareholder
	Fung Seng Enterprises Limited group of companies	Property investment and management	Director and shareholder
	Golden Wealth Investment Limited group of companies	Property investment and development	Director and shareholder
	Lifestyle International Holdings Limited group of companies	Department stores operations and property investment	Director
	Silver City International Limited group of companies	Property investment and food and beverage operations	Director and shareholder
	Silver Success Company Limited group of companies	Hotel operations	Director and shareholder
	Sunshine Dragon Group Limited group of companies	Property investment	Director and shareholder
Dr. Cheng Chi-Kong, Adrian	Cheung Hung Development (Holdings) Limited	Property investment and development	Director
	CTF group of companies	Property investment and development, hotel operations and transport	Director
	Grandhope Properties Limited	Property investment	Director and shareholder
	International Entertainment Corporation group of companies	Hotel operations	Director

Directors' interests in competing businesses (continued)

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	
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
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.

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 110 to 121.

Substantial shareholders' interests in securities

As at 30 June 2014, 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⁾	–	3,727,283,450	3,727,283,450	43.02
Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II") ⁽²⁾	–	3,727,283,450	3,727,283,450	43.02
Chow Tai Fook Capital Limited ("CTFC") ⁽³⁾	–	3,727,283,450	3,727,283,450	43.02
Chow Tai Fook (Holding) Limited ("CTFHL") ⁽⁴⁾	–	3,727,283,450	3,727,283,450	43.02
Chow Tai Fook Enterprises Limited ("CTF") ⁽⁵⁾	3,389,422,486	337,860,964	3,727,283,450	43.02

Substantial shareholders' interests in securities (continued)

Long positions in shares (continued)

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 78.58% 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, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30 June 2014.

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, 24 September 2014

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 New World Hotels (Holdings) Limited (“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 originally 25 leases or guarantees of leases (now three leases remaining) of Hotel Property Investment, Inc., a Delaware corporation held by Hotel Property Investments (B.V.I.) Ltd. (“HPI”).

On 25 July 1997, NWHH sold its entire interests in HPI to CTF Holdings Ltd. (“CTFH”), a company then controlled by Dr. Cheng Kar-Shun, Henry and Mr. Doo, and currently wholly owned by CTF. 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\$6.1 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\$5,518.1 million (2013: HK\$5,908.8 million). During the year, tax indemnity amounted to approximately HK\$1,075.3 million (2013: HK\$617.2 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, 12 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong (the “Premises”) from the Lessor for a fixed term of 15 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 joint venture 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 2014 was set at HK\$83.0 million. The total rental received from Sogo HK during the year ended 30 June 2014 under the Lease Agreement amounted to approximately HK\$53.0 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.

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 will be automatically 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 contemplated under the Master Concessionaire Counter Agreement constitute continuing connected transactions for the Company under the Listing Rules.

For the year ended 30 June 2014, the aggregate amount of the transactions under the Master Concessionaire Counter Agreement amounted to approximately RMB100.8 million, which is within the annual cap of RMB305.2 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 (“Services Group 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 such other amount as may from time to time be specified in the Code on Takeovers and Mergers (“Takeovers Code”) 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).

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 Services Group Services to be provided by the Group to the Services Group, the relevant annual caps for the two years ended 30 June 2014 were revised.

During the year ended 30 June 2014, the contract amount for the Services Group 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 the Services Group Services by members of the Group to members of the Services Group	202.9	376.9
Provision of the Services Group Services by members of the Services Group to members of the Group	1,154.4	3,069.9

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 NWSH) 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 the 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 the completion of the Disposal. Pursuant to Rule 14A.60 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 Disposal Group or vice versa. As at 30 June 2014, all the agreements included in these Existing Continuing Transactions expired.

- (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 (“CTF 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.

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 requirements under the Listing Rules.

Connected transactions (continued)

(7) (continued)

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 Takeovers Code 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 622 of the Laws of Hong Kong).

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

During the year ended 30 June 2014, the contract amount for the CTF 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 the CTF Services by members of the Group to members of the CTF Group	458.6	1,768.9
Provision of the CTF Services by members of the CTF Group to members of the Group	6.4	14.0

(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 is automatically 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.

On 15 June 2012, taking into account the estimated increase in rental upon the renewal of the existing definitive agreements and the rentals under the new definitive agreements to be entered into between members of the Group and members of the CTFJ Group, the annual caps in respect of the two years ended 30 June 2014 were revised.

The aggregate amount of the transactions under the Tenancy Framework Agreement for the year ended 30 June 2014 amounted to approximately HK\$98.8 million, which is within the annual cap of HK\$120.0 million.

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 among 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 department stores owned by the NWDS Group from time to time 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 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 sales transactions contemplated 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 ended 30 June 2014 were revised.

The aggregate amount of the transactions under the Master Sales Agreement for the year ended 30 June 2014 amounted to approximately RMB44.8 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 contemplated 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 year ended 30 June 2014 amounted to approximately HK\$79.8 million, which is within the annual cap of HK\$194.2 million.

Connected transactions (continued)

- (11) On 16 December 2013, New World Hotel Management (BVI) Limited (“NWHM”), a wholly owned subsidiary of NWCL, entered into a sale and purchase agreement with CTFH pursuant to which NWHM agreed to acquire and CTFH agreed to sell the entire issued share capital of Penta Hotel Holdings Limited (“PHHL”) for a consideration of approximately Euro13.5 million (equivalent to approximately HK\$144.8 million) (the “Penta Acquisition”). The group of PHHL is principally engaged in the business of hotel management in Europe. The Penta Acquisition will broaden the business and income base of NWCL and provide a favourable strategic investment opportunity to NWCL to achieve multi-brand integration and synergetic initiatives in collaboration with the existing hotel management arm of NWCL.

By virtue of the fact that CTFH is wholly and beneficially owned by CTF which is a connected person of the Company, CTFH is considered as a connected person of the Company and the Penta Acquisition therefore constituted a connected transaction for the Company under the Listing Rules. The Penta Acquisition was completed on 19 December 2013.

- (12) Penta Hotels Germany GmbH (“PHGG”), a wholly owned subsidiary of PHHL, entered into 24 hotel management agreements and 24 licence and royalty agreements (collectively, the “Hotel Agreements”) with certain subsidiaries of CTF (“Hotel Owners”) between February 2007 and March 2013 in relation to the management of the hotels owned by the Hotel Owners by PHGG and the grant of sublicences by PHGG to the Hotel Owners to use the “Penta” brand name in connection with the goods and services offered in the hotels. Upon completion of the acquisition of PHHL by NWHM on 19 December 2013 as mentioned in paragraph (11) above, the Hotel Agreements between PHGG and the Hotel Owners constitute continuing connected transaction for the Company under the Listing Rules by virtue of the controlling interests of CTF in the Hotel Owners. Details of the Hotel Agreements were set out in the announcement of the Company dated 19 December 2013. The aggregate transaction values under the Hotel Agreements from 19 December 2013 to 30 June 2014 amounted to approximately HK\$8.5 million.
- (13) On 12 March 2014, Easywin Enterprises Corporation Limited (the “Offeror”), a wholly owned subsidiary of the Company, requested the board of directors of NWCL to put forward a proposal for privatisation of NWCL by the Offeror by way of a scheme of arrangement under Section 86 of the Companies Law of the Cayman Islands (the “Scheme”) at the cancellation price of HK\$6.80 per Scheme Share (being the shares of NWCL other than those held by the Offeror and the Company) (the “Proposal”). The Offeror also made an offer (the “Rule 13 Offer”) to the holders of share options of NWCL (“NWCL Options”) for the cancellation of every vested and unvested NWCL Option in accordance with Rule 13 of the Takeovers Code at a “see-through” price (being the cancellation price minus the relevant exercise price of NWCL Options). The Rule 13 Offer was conditional upon the Scheme becoming effective.

As a number of connected persons of the Company under the Listing Rules, including certain Directors of the Company, are interested in the shares of NWCL and NWCL Options, the aggregate payment of the cancellation price and the “see-through” price to the aforesaid connected persons in consideration for the cancellation of their respective interests in the shares of NWCL and NWCL Options would constitute connected transactions for the Company under the Listing Rules.

The ordinary resolution approving the Proposal and the Rule 13 Offer was duly passed by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 16 June 2014.

However, the Scheme was not approved by the requisite majority in number of the Independent NWCL Shareholders (being shareholders of NWCL other than the Offeror and parties acting in concert with the Offeror in relation to NWCL) at the Court Meeting of NWCL held on 16 June 2014, the Scheme cannot be put into effect and lapsed. The Rule 13 Offer also lapsed accordingly.

Connected transactions (continued)

- (14) On 7 April 2014, White Heron Limited (“White Heron”, as the purchaser) and Dragon Joy (China) Limited, wholly owned subsidiaries of NWCL, entered into a sale and purchase agreement (“DF Agreement”) with Sun City Holdings Limited (“Sun City”), Potassium Corp. (“Potassium”), Brinkley Holdings Ltd (“Brinkley”), City Court Properties Limited, Hold Fast Co Ltd and Dragon Fortune Limited (“Dragon Fortune”) in relation to the acquisition by White Heron of a total of 33,268 shares (“Sale Shares”) of, representing 57.46% equity interest in, Dragon Fortune together with the related shareholders’ loan for a total consideration of HK\$260.0 million (subject to adjustment).

The acquisition was completed on 31 May 2014 and the consideration had been adjusted to HK\$245.0 million by reference to the unaudited consolidated net asset value of Dragon Fortune as at 31 May 2014 as compared with its adjusted net asset value as at 30 September 2013 in accordance with the terms of the DF Agreement. The consideration for the acquisition of 11,767 Sale Shares, 4,102 Sale Shares and 593 Sale Shares from Sun City, Potassium and Brinkley was determined at approximately HK\$103.3 million, HK\$25.6 million and HK\$11.7 million respectively. Upon completion of the acquisition, Dragon Fortune became a wholly owned subsidiary of NWCL.

Dragon Fortune is principally engaged through its subsidiaries in the operation of Palm Island Resort and real estate development in Huiyang, the PRC.

Sun City and Potassium are associates of Mr. Cheng Kar-Shing, Peter, Director of the Company, and Brinkley is wholly owned by Mr. Cheng Kam-Chiu, Stewart, a relative of certain Directors of the Company. The acquisitions from Sun City, Potassium and Brinkley therefore constituted connected transactions for the Company under the Listing Rules.

- (15) On 8 April 2014, a conditional sale and purchase agreement (the “NWSE Agreement”) was entered into among Young’s Engineering Company Limited and Tridant Engineering Company Limited (together, the “Purchaser”, and each of them is beneficially owned as to 90.0% by Mr. Doo) and NWS Holdings (China) Limited (the “Vendor”, a direct wholly owned subsidiary of NWSH) whereby the Purchaser agreed to purchase and the Vendor agreed to sell the entire registered and paid up capital of 新創機電工程有限公司 (NWS Engineering Ltd) (“NWSE”) in the amount of RMB150.0 million, which carries with it all dividends or distribution which may be declared, paid or made in respect of them on or after the date of completion of the NWSE Agreement but without any right whatsoever to all dividends, distributions or otherwise in respect of the profits for the period up to 31 December 2012 to be distributed or otherwise paid to the Vendor (or other members of the NWSH Group (being NWSH and its subsidiaries) as the Vendor may direct) at the consideration of approximately RMB177.1 million (equivalent to approximately HK\$221.4 million). The consideration was paid in full on the date of signing of the NWSE Agreement by the Purchaser to the Vendor and subject to adjustment for the net asset value attributable to the non-engineering business of NWSE as at the date of completion of the NWSE Agreement.

As Mr. Doo has an indirect 90.0% interest in the Purchaser, the Purchaser is an associate of Mr. Doo and hence a connected person of the Company under the Listing Rules. The disposal under the NWSE Agreement therefore constituted a connected transaction for the Company under the Listing Rules.

Completion of the NWSE Agreement took place on 27 June 2014. Upon completion, NWSH ceased to have any equity interest in NWSE. The consideration for this disposal in the amount of approximately RMB177.1 million was agreed to be adjusted for approximately RMB3.0 million (equivalent to approximately HK\$3.8 million) with reference to the statement of assets of NWSE as at 27 June 2014. The said amount of approximately RMB3.0 million had been paid by the Purchaser to the Vendor on the date of completion of the NWSE Agreement.

Connected transactions (continued)

- (16) On 11 April 2014, in anticipation of the expiry of the Master Concessionaire Counter Agreement on 30 June 2014, NWDS and CTFJ proposed to renew the Master Concessionaire Counter Agreement for a further term of three years, subject to compliance with relevant requirements of the Listing Rules. The directors of NWDS believe that including CTFJ as one of the concessionaire counters in the department stores owned by the NWDS Group from time to time enhances NWDS' brand and product mix and raises the image and profile of such stores. As NWDS is a subsidiary of the Company, the Directors of the Company believe that the Group will also benefit as a result of the renewal of the Master Concessionaire Counter Agreement. The Master Concessionaire Counter Agreement was automatically renewed from 1 July 2014 for three years ending 30 June 2017.
- (17) On 11 April 2014, in anticipation of the expiry of the Mr. Doo Master Services Agreement on 30 June 2014, a new master services agreement (the "New Mr. Doo Master Services Agreement") was entered into between the Company and Mr. Doo for a term of three years commencing from 1 July 2014 in respect of the provision of Services Group Services between members of the Group and members of the Services Group. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the New Mr. Doo Master Services Agreement will be automatically renewed for a successive period of three years thereafter.

For the reasons stated above, the entering into of the New Mr. Doo Master Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules. The New Mr. Doo Master Services Agreement and the new annual cap amounts payable by the Services Group to the Group, and vice versa, in respect of the transactions contemplated under the New Mr. Doo Master Services Agreement for each of the three years ending 30 June 2017 were approved by the independent shareholders of the Company at the Company's extraordinary general meeting held on 22 May 2014.

- (18) On 11 April 2014, in anticipation of the expiry of the CTF Master Services Agreement on 30 June 2014, a new master services agreement (the "New CTF Master Services Agreement") was entered into between the Company and CTF for a term of three years commencing from 1 July 2014 in respect of the provision of CTF Services between members of the Group and members of the CTF Group. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the New CTF Master Services Agreement will be automatically renewed for a successive period of three years thereafter.

For the reasons stated above, the entering into of the New CTF Master Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

- (19) On 11 April 2014, the Company and CTFJ entered into a master leasing agreement (the "Master Leasing Agreement") regarding the leasing of premises between members of the Group and members of the CTFJ Group for an initial term of three years commencing from 1 July 2014. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the Master Leasing Agreement will be automatically renewed for a successive period of three years thereafter.

For the reasons stated above, the entering into of the Master Leasing Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules. The Tenancy Framework Agreement was terminated immediately upon the Master Leasing Agreement becoming effective.

Connected transactions (continued)

(20) On 11 April 2014, NWDS, the Company and CTFJ entered into a new master sales agreement (the “New Master Sales Agreement”) in relation to the sales transactions among members of the NWDS Group, members of the Group, members of the CTFJ Group and/or joint ventures jointly controlled by CTF and NWCL (“N/C JVs”) in respect of the use of the Shopping Vouchers, the Prepaid Shopping Cards, the Joint Name Vouchers or other means acceptable to the NWDS Group as payment for purchases of goods at the department stores owned by the NWDS Group from time to time and the settlement of the relevant value represented by such Shopping Vouchers (with the shopping vouchers commissions 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; and the sale of goods by members of the Group, the CTFJ Group and/or N/C JVs to members of the NWDS Group.

The New Master Sales Agreement has an initial term of three years commencing from 1 July 2014. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the New Master Sales Agreement will be automatically renewed for a successive period of three years thereafter.

For the reasons stated above, the entering into of the New Master Sales Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules. The Master Sales Agreement was terminated immediately upon the New Master Sales Agreement becoming effective.

The continuing connected transactions mentioned in paragraphs (3) to (10) and (12) 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) and (12) 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 Rule 14A.56 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.

Directors' interests in shares, underlying shares and debentures

As at 30 June 2014, 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)					
Dr. Cheng Kar-Shun, Henry	–	600,000	–	600,000	0.01
Mr. Doo Wai-Hoi, William	–	–	7,000,000 ⁽¹⁾	7,000,000	0.08
Mr. Ho Hau-Hay, Hamilton	–	–	878,353 ⁽²⁾	878,353	0.01
Mr. Liang Cheung-Biu, Thomas	10,429	–	–	10,429	0.00
Ms. Ki Man-Fung, Leonie	90,000	–	–	90,000	0.00
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. Doo Wai-Hoi, William	1,254,663	–	1,317,000 ⁽¹⁾	2,571,663	0.03
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	953,669	–	–	953,669	0.01
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
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	0.81
Mr. Doo Wai-Hoi, William	3,477,834	–	8,330,782 ⁽¹⁾	11,808,616	0.32
Mr. Cheng Kar-Shing, Peter	276,292	–	5,578,697 ⁽⁴⁾	5,854,989	0.16
Ms. Ki Man-Fung, Leonie	15,000	–	–	15,000	0.00
Sun Legend Investments Limited					
(Ordinary shares)					
Mr. Cheng Kar-Shing, Peter	–	–	500 ⁽⁵⁾	500	50.00

Directors' interests in shares, underlying shares and debentures (continued)

(A) Long position in shares (continued)

Notes:

- (1) These shares are beneficially owned by a company which is wholly owned by Mr. Doo Wai-Hoi, William.
- (2) These shares are beneficially owned by a company in which Mr. Ho Hau-Hay, Hamilton owns 40.0% 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 beneficially owned by a controlled corporation of Mr. Cheng Kar-Shing, Peter.

(B) Long position in underlying shares – share options

During the year ended 30 June 2014, 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: <ol 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;

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
	<p>(vi) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;</p> <p>(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</p> <p>(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.</p>
Total number of shares available for issue under the scheme and percentage of issued shares as at the date of this annual report	<p>The Company had granted 283,250,000 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 218,161,032 representing approximately 2.5% of the Company's total number of issued shares as at the date of this report.</p>
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 total number of shares 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 dealing day; and (ii) the average closing price of the shares as stated in the HKEx's daily quotation sheets for the five dealing 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.

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					Balance as at 30 June 2014	Exercise price per share ⁽⁵⁾
			Balance as at 1 July 2013	Granted during the year	Transferred from other category on 1 July 2013	Transferred to other category during the year	Adjusted during the year ⁽⁵⁾		
Dr. Cheng Kar-Shun, Henry	19 March 2012	(1)	10,014,956	-	-	-	633,328	10,648,284	9.176
Mr. Doo Wai-Hoi, William	22 January 2014	(2)	-	500,000	-	-	31,618	531,618	9.781
Dr. Cheng Chi-Kong, Adrian	19 March 2012	(1)	3,505,234	-	-	-	221,664	3,726,898	9.176
Mr. Chen Guanzhan	19 March 2012	(1)	3,505,234	-	-	-	221,664	3,726,898	9.176
Mr. Liang Chong-Hou, David ⁽³⁾	19 March 2012	(1)	500,747	-	-	(500,747) ⁽³⁾	-	-	9.176
Mr. Yeung Ping-Leung, Howard	19 March 2012	(1)	500,747	-	-	-	31,666	532,413	9.176
Mr. Cha Mou-Sing, Payson	19 March 2012	(1)	500,747	-	-	-	31,666	532,413	9.176
Mr. Cheng Kar-Shing, Peter	19 March 2012	(1)	500,747	-	-	-	31,666	532,413	9.176
Mr. Ho Hau-Hay, Hamilton	19 March 2012	(1)	500,747	-	-	-	31,666	532,413	9.176
Mr. Lee Luen-Wai, John	19 March 2012	(1)	500,747	-	-	-	31,666	532,413	9.176
Mr. Liang Cheung-Biu, Thomas	19 March 2012	(1)	500,747	-	-	-	31,666	532,413	9.176
Ms. Ki Man-Fung, Leonie	19 March 2012	(1)	3,004,486	-	-	-	189,997	3,194,483	9.176
Mr. Cheng Chi-Heng	19 March 2012	(1)	500,747	-	-	-	31,666	532,413	9.176
Ms. Cheng Chi-Man, Sonia	19 March 2012	(1)	3,004,486	-	-	-	189,997	3,194,483	9.176
Mr. Au Tak-Cheong ⁽⁴⁾	19 March 2012	(1)	-	-	2,203,496 ⁽⁴⁾	-	139,345	2,342,841	9.176
	22 January 2014	(2)	-	500,000	-	-	31,618	531,618	9.781
			27,040,372	1,000,000	2,203,496	(500,747)	1,880,893	31,624,014	

Notes:

- Divided into 4 tranches exercisable from 19 March 2012, 19 March 2013, 19 March 2014 and 19 March 2015 respectively to 18 March 2016.
- Divided into 4 tranches exercisable from 22 January 2014, 22 January 2015, 22 January 2016 and 22 January 2017 respectively to 21 January 2018.
- Mr. Liang Chong-Hou, David resigned as Director of the Company with effect from 22 July 2013, such share options were transferred from the category of "Directors of the Company" to "other eligible participants".
- Mr. Au Tak-Cheong was appointed as Director of the Company on 1 July 2013, such share options were transferred from the category of "other eligible participants" to "Directors of the Company".
- The Company announced rights issue on 13 March 2014 which became unconditional on 24 April 2014 and declared interim dividend for the six months ended 31 December 2013 in cash (with scrip option) during the year. Accordingly, adjustments were made to the number of outstanding share options and the exercise price. The exercise price per share of the share options granted on 19 March 2012 was adjusted from HK\$9.756 to HK\$9.184 on 25 April 2014, and further to HK\$9.176 on 23 May 2014. The exercise price per share of the share options granted on 22 January 2014 was adjusted from HK\$10.400 to HK\$9.790 on 25 April 2014, and further to HK\$9.781 on 23 May 2014.
- The cash consideration paid by each Director for the grant of share options is HK\$10.0.

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								Exercise price per share ⁽⁷⁾ HK\$
		Balance as at 1 July 2013	Granted during the year	Transferred from other category during the year	Transferred to other category on 1 July 2013	Exercised during the year ⁽⁶⁾	Adjusted during the year ⁽⁷⁾	Lapsed during the year	Balance as at 30 June 2014	
19 March 2012	(1)	61,846,080	-	500,747 ⁽⁴⁾	(2,203,496) ⁽⁵⁾	(379,000)	3,706,470	(1,152,128)	62,318,673	9.176
16 November 2012	(2)	8,632,070	-	-	-	-	461,953	(1,326,904)	7,767,119	11.267
22 January 2014	(3)	-	29,100,000	-	-	-	1,840,188	-	30,940,188	9.781
		70,478,150	29,100,000	500,747	(2,203,496)	(379,000)	6,008,611	(2,479,032)	101,025,980	

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) Divided into 4 tranches exercisable from 22 January 2014, 22 January 2015, 22 January 2016 and 22 January 2017 respectively to 21 January 2018.
- (4) Mr. Liang Chong-Hou, David resigned as Director of the Company with effect from 22 July 2013, such share options were transferred from the category of "Directors of the Company" to "other eligible participants".
- (5) Mr. Au Tak-Cheong was appointed as Director of the Company on 1 July 2013, such share options were transferred from the category of "other eligible participants" to "Directors of the Company".
- (6) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$11.355.
- (7) The Company announced rights issue on 13 March 2014 which became unconditional on 24 April 2014 and declared interim dividend for the six months ended 31 December 2013 in cash (with scrip option) during the year. Accordingly, adjustments were made to the number of outstanding share options and the exercise price. The exercise price per share of the share options granted on 19 March 2012 was adjusted from HK\$9.756 to HK\$9.184 on 25 April 2014, and further to HK\$9.176 on 23 May 2014. The exercise price per share of the share options granted on 16 November 2012 was adjusted from HK\$11.979 to HK\$11.277 on 25 April 2014, and further to HK\$11.267 on 23 May 2014. The exercise price per share of the share options granted on 22 January 2014 was adjusted from HK\$10.400 to HK\$9.790 on 25 April 2014, and further to HK\$9.781 on 23 May 2014..
- (8) 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\$2.054 per share using the Binomial pricing model. Value is estimated based on the risk-free rate at 1.192% per annum with reference to the market yield rates of the Hong Kong Government Bond (maturing 18 June 2018) as of the value date, a historical volatility of 31.9% calculated based on the historical price with period equals to the life of the options, assuming dividend yield of 3.29% 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.

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	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, 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. NWCL had granted share options representing the rights to subscribe for 25,533,700 shares under the NWCL 2011 Share Option Scheme up to the date of this report. NWCL may further grant share options to subscribe for 552,040,391 shares of NWCL, representing approximately 6.36% of NWCL's total issued share capital as at the date of this report.
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.
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.

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 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 expired on 26 November 2012. The NWCL 2011 Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 22 November 2011.

Share options granted to Directors NWCL 2002 Share Option Scheme

Name	Date of grant	Exercisable period (Note)	Number of share options				Balance as at 30 June 2014	Exercise price per share HK\$
			Balance as at 1 July 2013	Transferred from other category on 1 July 2013	Exercised during the year	Lapsed during the year		
Dr. Cheng Kar-Shun, Henry	18 January 2011	(1)	2,077,922	-	-	-	2,077,922	3.036
Mr. Doo Wai-Hoi, William	18 January 2011	(1)	-	831,169 ⁽⁴⁾	(498,702) ⁽⁵⁾	(332,467)	-	3.036
Dr. Cheng Chi-Kong, Adrian	18 January 2011	(2)	935,066	-	-	-	935,066	3.036
Mr. Cheng Kar-Shing, Peter	18 January 2011	(1)	831,169	-	-	-	831,169	3.036
Mr. Lee Luen-Wai, John	18 January 2011	(1)	311,688	-	-	-	311,688	3.036
Ms. Cheng Chi-Man, Sonia	29 December 2008	(3)	785,269	-	(785,269) ⁽⁶⁾	-	-	1.290
			4,941,114	831,169	(1,283,971)	(332,467)	4,155,845	

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 5 tranches exercisable from 19 February 2011, 19 February 2012, 19 February 2013, 19 February 2014 and 19 February 2015, respectively to 18 February 2016.
- (2) Divided into 3 tranches exercisable from 19 February 2013, 19 February 2014 and 19 February 2015, respectively to 18 February 2016.
- (3) Divided into 5 tranches exercisable from 30 January 2009, 30 January 2010, 30 January 2011, 30 January 2012 and 30 January 2013, respectively to 29 January 2014.
- (4) Mr. Doo Wai-Hoi, William was appointed as Director of the Company on 1 July 2013, such share options were transferred from the category of "other eligible participants" to "Directors of the Company".
- (5) The exercise date was 17 July 2013. On the trading date immediately before the exercise date, the closing price per share was HK\$3.24.
- (6) The exercise date was 21 January 2014. On the trading date immediately before the exercise date, the closing price per share was HK\$3.98.
- (7) The cash consideration paid by each of the above Directors for each grant of share options is HK\$10.0.

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 2014	Exercise price per share HK\$
	Balance as at 1 July 2013	Transferred to other category on 1 July 2013	Exercised during the year ⁽²⁾	Lapsed during the year		
31 July 2008 to 27 August 2008	68,369	-	(26,052)	(42,317)	-	3.148
12 November 2008 to 9 December 2008	140,933	-	(140,933)	-	-	1.447
2 December 2008 to 29 December 2008	59,070	-	(59,070)	-	-	1.290
3 February 2009 to 2 March 2009	165,850	-	(165,850)	-	-	1.703
26 June 2009 to 23 July 2009	3,130,605	-	(2,501,753)	(116,301)	512,551	3.913
19 November 2009 to 16 December 2009	1,996,493	-	(1,889,584)	(103,896)	3,013	2.953
12 January 2010 to 2 February 2010	2,749,325	-	(2,610,463)	(77,381)	61,481	2.878
18 May 2010 to 14 June 2010	327,750	-	(206,010)	-	121,740	2.262
31 May 2010 to 25 June 2010	476,597	-	(267,117)	-	209,480	2.349
10 November 2010 to 7 December 2010	2,328,805	-	(1,468,853)	(166,815)	693,137	3.013
18 January 2011 to 14 February 2011	9,175,376	(831,169) ⁽³⁾	(2,611,419)	(62,667)	5,670,121	3.036
3 May 2011 to 30 May 2011	868,530	-	(409,393)	(459,137)	-	2.753
26 July 2011 to 22 August 2011	1,447,662	-	(714,420)	-	733,242	2.705
	22,935,365	(831,169)	(13,070,917)	(1,028,514)	8,004,765	

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

Notes:

- (1) The share options are exercisable within five years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (2) The weighted average closing prices of the shares immediately before the dates on which share options were exercised under the NWCL 2002 Share Option Scheme and the NWCL 2011 Share Option Scheme were HK\$4.747 and HK\$5.192, respectively.
- (3) Mr. Doo Wai-Hoi, William was appointed as Director of the Company on 1 July 2013, such share options were transferred from the category of "other eligible participants" to "Directors of the Company".
- (4) The closing prices per share immediately before 15 October 2013 and 9 January 2014, the dates of offer to grant, were HK\$3.96 and HK\$3.95, respectively.
- (5) The cash consideration paid by each eligible participant for each grant of share options is HK\$10.0.

The fair value of the share options granted during the year with exercise price per share of HK\$4.01 and HK\$3.97 is estimated at HK\$1.53 and HK\$1.39 respectively using the Binomial pricing model. Value is estimated based on the risk-free rate ranging from 1.19% to 1.51% per annum with reference to the rate prevailing on the Exchange Fund Notes, a 5-year period historical volatility ranging from 44.49% to 51.49%, assuming dividend yield ranging from 1.24% to 1.89% and an expected option life of five years.

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

Directors' interests in shares, underlying shares and debentures (continued)**(B) Long position in underlying shares – share options** (continued)**Share Option Scheme of NWS Holdings Limited ("NWSH")**

The existing share option scheme of NWSH ("NWSH Share Option Scheme") was adopted at the annual general meeting of NWSH held on 21 November 2011. A summary of the share option scheme of NWSH disclosed in accordance with the Listing Rules is as follows:

NWSH Share Option Scheme

Purpose of the scheme	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 scheme	<p>Eligible participant may be a person or an entity belonging to any of the following classes:</p> <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.

Directors' interests in shares, underlying shares and debentures (continued)**(B) Long position in underlying shares – share options** (continued)

Share Option Scheme of NWS Holdings Limited ("NWSH") (continued)

NWSH Share Option Scheme

Total number of shares available for issue under the scheme and percentage of issued share capital of NWSH as at the date of this annual report	No share option has been granted under the NWSH 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 Share Option Scheme is 338,799,387 representing approximately 9.05% of NWSH's issued share capital as at the date of this report.
Maximum entitlement of each participant under the scheme	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.
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 highest of: (i) the closing price of the shares as stated in the HKEX's daily quotations sheet on the date of grant; (ii) the average closing price of the shares as stated in the HKEX's daily quotations sheets for the five dealing days immediately preceding the date of grant; and (iii) the nominal value of the shares.
The remaining life of the scheme	The NWSH Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 21 November 2011.

During the year ended 30 June 2014, no share option of NWSH has been granted under the NWSH Share Option Scheme.

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 168,614,500 shares of NWDS, representing approximately 10.0% 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 the shares.
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.

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				Balance as at 30 June 2014	Exercise price per share HK\$
			Balance as at 1 July 2013	Transferred from other category on 1 July 2013	Exercised during the year	Lapsed during the year		
Dr. Cheng Kar-Shun, Henry	27 November 2007	(1)	1,000,000	-	-	(1,000,000)	-	8.66
Dr. Cheng Chi-Kong, Adrian	27 November 2007	(1)	500,000	-	-	(500,000)	-	8.66
Mr. Au Tak-Cheong	27 November 2007	(1)	-	250,000 ⁽²⁾	-	(250,000)	-	8.66
			1,500,000	250,000	-	(1,750,000)	-	

Notes:

- (1) Divided into 5 tranches exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012 respectively to 26 November 2013, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (2) Mr. Au Tak-Cheong was appointed as Director of the Company on 1 July 2013, such share options were transferred from the category of "other eligible participants" to "Directors of the Company".
- (3) 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				Balance as at 30 June 2014	Exercise price per share HK\$
		Balance as at 1 July 2013	Transferred to other category on 1 July 2013	Exercised during the year	Lapsed during the year		
27 November 2007	(1)	10,268,000	(250,000) ⁽³⁾	-	(10,018,000)	-	8.66
25 March 2008	(2)	2,060,000	-	-	(2,060,000)	-	8.44
		12,328,000	(250,000)	-	(12,078,000)	-	

Notes:

- (1) Divided into 5 tranches exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012 respectively to 26 November 2013, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (2) 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.
- (3) Mr. Au Tak-Cheong was appointed as Director of the Company on 1 July 2013, such share options were transferred from the category of "other eligible participants" to "Directors of the Company".
- (4) The cash consideration paid by each eligible participant for each grant of share option is HK\$1.0.

Directors' interests in shares, underlying shares and debentures (continued)**(C) Long position in debentures**

(1) Fita International Limited ("Fita")

Name	Amount of debentures in US\$ issued by Fita				Approximate % to the total amount of debentures in issue as at 30 June 2014
	Personal interests	Family interests	Corporate interests	Total	
Mr. Doo Wai-Hoi, William	–	2,900,000	1,240,000 ⁽¹⁾	4,140,000	0.55
Mr. Lee Luen-Wai, John	1,000,000	1,000,000	–	2,000,000	0.27
	1,000,000	3,900,000	1,240,000	6,140,000	

Note:

(1) These debentures are beneficially owned by a company which is wholly owned by Mr. Doo Wai-Hoi, William.

(2) NWCL

Name	Amount of debentures in RMB issued by NWCL				Approximate % to the total amount of debentures in issue as at 30 June 2014
	Personal interests	Family interests	Corporate interests	Total	
Mr. Doo Wai-Hoi, William	–	129,000,000	516,830,000 ⁽¹⁾	645,830,000	8.85
Mr. Cheng Kar-Shing, Peter	–	–	16,000,000 ⁽²⁾	16,000,000	0.22
	–	129,000,000	532,830,000	661,830,000	

Notes:

(1) These debentures are beneficially owned by companies which are wholly owned by Mr. Doo Wai-Hoi, William.

(2) These debentures are beneficially owned by a company which is wholly owned by Mr. Cheng Kar-Shing, Peter.

Directors' interests in shares, underlying shares and debentures (continued)**(C) Long position in debentures** (continued)

(3) NWD (MTN) Limited ("NWD (MTN)")

Name	Amount of debentures issued by NWD (MTN)				Approximate % to the total amount of debentures in issue as at 30 June 2014
	Personal interests	Family interests	Corporate interests	Total	
	HK\$	HK\$	HK\$	HK\$	
Mr. Doo Wai-Hoi, William	156,000,000 ⁽¹⁾	23,400,000 ⁽¹⁾	–	179,400,000 ⁽¹⁾	1.60
Ms. Ki Man-Fung, Leonie	4,000,000	–	–	4,000,000	0.04
	160,000,000	23,400,000	–	183,400,000	

Note:

(1) These debentures were issued in US\$ and had been translated into HK\$ using the rate of US\$1.0 = HK\$7.8.

(4) Rosy Unicorn Limited ("Rosy Unicorn")

Name	Amount of debentures in US\$ issued by Rosy Unicorn				Approximate % to the total amount of debentures in issue as at 30 June 2014
	Personal interests	Family interests	Corporate interests	Total	
	Mr. Doo Wai-Hoi, William	–	51,500,000	22,840,000 ⁽¹⁾	

Note:

(1) These debentures are beneficially owned by a company which is wholly owned by Mr. Doo Wai-Hoi, William.

Save as disclosed above, as at 30 June 2014, 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.

Disclosure Pursuant to Rules 13.20 and 13.22 of the Listing Rules

At 30 June 2014, the Group had given financial assistance and guarantees to its joint ventures and associated companies (collectively "affiliated companies") as set out below:

	2014 HK\$m	2013 HK\$m
Amounts due by affiliated companies	18,581.2	16,893.2
Guarantees given for affiliated companies in respect of banking and other credit facilities	4,486.7	5,141.0
Commitments to capital injections and loan contributions	1,525.8	2,788.0
	24,593.7	24,822.2

- (1) The advances were unsecured and were interest free except for an aggregate amount of HK\$6,762.0 million (2013: HK\$5,487.0 million) which carried interest ranging from 0.875% above HIBOR to 10% per annum (2013: 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 2014 are presented as follows:

	Combined statement of financial position HK\$m	Group's attributable interests HK\$m
Non-current assets	128,332.3	41,601.4
Current assets	48,703.7	20,992.4
Current liabilities	(46,823.3)	(20,159.4)
Total assets less current liabilities	130,212.7	42,434.4
Non-current liabilities	(47,969.2)	(16,412.8)
Net assets	82,243.5	26,021.6

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 2014.

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 126 to 253, which comprise the consolidated and company statements of financial position as at 30 June 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated 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 80 of Schedule 11 to 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 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 24 September 2014

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2014

	Note	2014 HK\$m	2013 HK\$m
Revenues	6	56,501.1	46,779.9
Cost of sales		(34,947.6)	(28,354.6)
Gross profit		21,553.5	18,425.3
Other income	7	247.2	198.8
Other gains, net	8	2,313.0	999.0
Selling and marketing expenses		(1,675.4)	(1,416.2)
Administrative and other operating expenses		(7,040.7)	(6,381.0)
Changes in fair value of investment properties	17	1,425.5	7,460.8
Operating profit	9	16,823.1	19,286.7
Financing income		1,083.5	1,008.4
Financing costs	10	(1,927.1)	(1,703.6)
		15,979.5	18,591.5
Share of results of			
Joint ventures		1,994.5	3,399.3
Associated companies		1,102.0	1,320.4
Profit before taxation		19,076.0	23,311.2
Taxation	11	(5,738.2)	(4,794.8)
Profit for the year		13,337.8	18,516.4
Attributable to:			
Shareholders of the Company	12, 40	9,725.4	14,148.7
Non-controlling interests		3,612.4	4,367.7
		13,337.8	18,516.4
Dividends	13	3,372.7	2,645.2
Earnings per share	14		Adjusted
Basic		HK\$1.37	HK\$2.14
Diluted		HK\$1.37	HK\$2.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

	2014 HK\$m	2013 HK\$m
Profit for the year	13,337.8	18,516.4
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Revaluation of investment properties upon reclassification from property, plant and equipment	3.9	96.3
– deferred tax arising from revaluation thereof	(1.0)	(24.1)
Remeasurement of post employment benefit obligation	(3.5)	–
Items that had been reclassified/may be reclassified subsequently to profit or loss		
Fair value changes of available-for-sale financial assets	(744.1)	498.4
– deferred tax arising from fair value changes thereof	100.0	(141.5)
Release of investment revaluation deficit to the income statement upon impairment of available-for-sale financial assets	3.4	187.5
Release of reserve upon disposal of assets held for sale	–	(2.2)
Release of reserve upon disposal of available-for-sale financial assets	43.3	(90.4)
Release of reserve upon disposal of subsidiaries	(86.8)	–
Release of reserve upon deemed disposal of interests in joint ventures and disposal of interests in an associated company	(121.4)	–
Share of other comprehensive income of joint ventures and associated companies	(403.4)	231.8
Cash flow hedges	15.8	55.1
Translation differences	(885.9)	2,259.0
Other comprehensive income for the year	(2,079.7)	3,069.9
Total comprehensive income for the year	11,258.1	21,586.3
Attributable to:		
Shareholders of the Company	8,292.0	16,112.9
Non-controlling interests	2,966.1	5,473.4
	11,258.1	21,586.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	2014 HK\$m	2013 HK\$m
Assets			
Non-current assets			
Investment properties	17	77,384.6	71,691.2
Property, plant and equipment	18	18,290.8	15,322.9
Land use rights	19	2,374.7	2,206.8
Intangible concession rights	20	15,584.4	16,541.4
Intangible assets	21	4,662.5	4,139.3
Interests in joint ventures	23	45,748.2	43,255.9
Interests in associated companies	24	16,994.0	16,813.8
Available-for-sale financial assets	25	4,729.4	4,395.3
Held-to-maturity investments	26	40.9	39.9
Financial assets at fair value through profit or loss	35	607.6	275.9
Derivative financial instruments	27	39.5	61.4
Properties for development	28	25,242.5	27,620.1
Deferred tax assets	29	764.7	814.2
Other non-current assets	30	1,572.5	2,872.0
		214,036.3	206,050.1
Current assets			
Properties under development	31	48,713.4	45,888.3
Properties held for sale	32	20,266.7	16,023.4
Inventories	33	561.0	573.5
Available-for-sale financial assets	25	–	583.5
Debtors and prepayments	34	23,258.1	21,245.9
Financial assets at fair value through profit or loss	35	0.6	0.8
Derivative financial instruments	27	45.1	19.3
Restricted bank balances	36	97.4	168.5
Cash and bank balances	36	61,725.8	40,091.4
		154,668.1	124,594.6
Non-current assets classified as assets held for sale	38	523.0	1,544.4
		155,191.1	126,139.0
Total assets		369,227.4	332,189.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2014

	Note	2014 HK\$m	2013 HK\$m
Equity			
Share capital	39	63,761.3	6,311.6
Reserves	40	93,447.5	130,925.5
Proposed final dividend	40	2,599.5	1,893.5
Shareholders' funds		159,808.3	139,130.6
Non-controlling interests		40,468.2	38,614.4
Total equity		200,276.5	177,745.0
Liabilities			
Non-current liabilities			
Long-term borrowings	41	88,229.9	79,229.9
Deferred tax liabilities	29	9,011.9	8,387.2
Derivative financial instruments	27	864.6	928.6
Other non-current liabilities	42	774.0	751.6
		98,880.4	89,297.3
Current liabilities			
Creditors and accrued charges	43	31,299.5	32,895.1
Current portion of long-term borrowings	41	23,485.4	17,890.9
Short-term borrowings	41	8,863.8	9,291.9
Current tax payable		6,421.8	5,068.9
		70,070.5	65,146.8
Total liabilities		168,950.9	154,444.1
Total equity and liabilities		369,227.4	332,189.1
Net current assets		85,120.6	60,992.2
Total assets less current liabilities		299,156.9	267,042.3

Dr. Cheng Kar-Shun, Henry
Director

Dr. Cheng Chi-Kong, Adrian
Director

COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	2014 HK\$m	2013 HK\$m
Assets			
Non-current assets			
Investment property	17	98.0	92.0
Property, plant and equipment	18	8.0	–
Interests in subsidiaries	22	46,680.4	42,140.3
Interests in joint ventures	23	978.8	955.2
Interests in associated companies	24	35.1	72.9
Available-for-sale financial assets	25	11.9	14.9
Deferred tax assets	29	55.4	55.4
		47,867.6	43,330.7
Current assets			
Properties held for sale	32	1,661.2	1,541.2
Debtors and prepayments	34	769.9	240.5
Amounts receivable from subsidiaries	22	52,102.1	50,980.7
Cash and bank balances	36	1,623.7	308.2
		56,156.9	53,070.6
Total assets		104,024.5	96,401.3
Equity			
Share capital	39	63,761.3	6,311.6
Reserves	40	12,062.7	54,736.7
Proposed final dividend	40	2,599.5	1,893.5
Total equity		78,423.5	62,941.8
Liabilities			
Current liabilities			
Creditors and accrued charges	43	381.4	438.8
Amounts payable to subsidiaries	22	25,219.6	33,011.4
Current tax payable		–	9.3
Total liabilities		25,601.0	33,459.5
Total equity and liabilities		104,024.5	96,401.3
Net current assets		30,555.9	19,611.1
Total assets less current liabilities		78,423.5	62,941.8

Dr. Cheng Kar-Shun, Henry
Director

Dr. Cheng Chi-Kong, Adrian
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Share capital	Share premium	Retained profits	Other reserves	Share- holders' funds	Non- controlling interests	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
At 1 July 2013	6,311.6	42,422.5	74,777.6	15,618.9	139,130.6	38,614.4	177,745.0
Comprehensive income							
Profit for the year	-	-	9,725.4	-	9,725.4	3,612.4	13,337.8
Other comprehensive income							
Fair value changes of available-for-sale financial assets, net of taxation	-	-	-	(508.0)	(508.0)	(136.1)	(644.1)
Release of reserve upon disposal of available-for-sale financial assets	-	-	-	43.3	43.3	-	43.3
Release of investment revaluation deficit to the income statement upon impairment of available-for-sale financial assets	-	-	-	3.4	3.4	-	3.4
Release of reserve upon disposal of subsidiaries	-	-	-	(59.1)	(59.1)	(27.7)	(86.8)
Release of reserve upon deemed disposal of interests in joint ventures and disposal of interests in an associated company	-	-	-	(71.8)	(71.8)	(49.6)	(121.4)
Revaluation of investment properties upon reclassification from property, plant and equipment, net of taxation	-	-	-	2.1	2.1	0.8	2.9
Share of other comprehensive income of joint ventures and associated companies	-	-	(74.4)	(181.1)	(255.5)	(147.9)	(403.4)
Remeasurement of post employment benefit obligation	-	-	(1.5)	-	(1.5)	(2.0)	(3.5)
Cash flow hedges	-	-	-	9.7	9.7	6.1	15.8
Translation differences	-	-	-	(596.0)	(596.0)	(289.9)	(885.9)
Other comprehensive income for the year	-	-	(75.9)	(1,357.5)	(1,433.4)	(646.3)	(2,079.7)
Total comprehensive income for the year	-	-	9,649.5	(1,357.5)	8,292.0	2,966.1	11,258.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 30 June 2014

	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	-	-	(2,666.7)	-	(2,666.7)	(1,365.2)	(4,031.9)
Issue of new shares as scrip dividends	694.7	1,175.5	-	-	1,870.2	-	1,870.2
Issue of new shares upon exercise of share options	0.4	3.3	-	-	3.7	-	3.7
Issue of rights shares	13,115.6	-	-	-	13,115.6	-	13,115.6
Employees' share-based payments	-	-	-	95.6	95.6	4.5	100.1
Share options lapsed	-	-	147.2	(147.2)	-	-	-
Redemption of convertible bond	-	-	804.9	(804.9)	-	-	-
Transfer of reserves	-	-	84.5	(84.5)	-	-	-
	13,810.7	1,178.8	(1,630.1)	(941.0)	12,418.4	(1,360.7)	11,057.7
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries	-	-	-	-	-	0.3	0.3
Acquisition of additional interests in subsidiaries	-	-	(3.8)	17.9	14.1	185.6	199.7
Disposal of subsidiaries	-	-	-	-	-	(45.1)	(45.1)
Partial disposal of interests in subsidiaries	-	-	-	-	-	1.5	1.5
Deemed disposal of interests in subsidiaries	-	-	(46.8)	-	(46.8)	106.1	59.3
	-	-	(50.6)	17.9	(32.7)	248.4	215.7
Total transactions with owners	13,810.7	1,178.8	(1,680.7)	(923.1)	12,385.7	(1,112.3)	11,273.4
Transition to no par value regime on 3 March 2014 (note 39(d))	43,639.0	(43,601.3)	-	(37.7)	-	-	-
At 30 June 2014	63,761.3	-	82,746.4	13,300.6	159,808.3	40,468.2	200,276.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 30 June 2014

	Share capital	Share premium	Retained profits	Other reserves	Share- holders' 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	–	–	–	(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 joint ventures 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 2014

	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 CASH FLOWS

For the year ended 30 June 2014

	Note	2014 HK\$m	2013 HK\$m
Cash flows from operating activities			
Net cash generated from operations	47(a)	7,125.3	8,474.8
Hong Kong profits tax paid		(652.8)	(622.0)
Mainland China and overseas taxation paid		(3,159.9)	(3,334.0)
Net cash from operating activities		3,312.6	4,518.8
Cash flows from investing activities			
Interest received		728.4	695.0
Dividends received from			
Joint ventures		2,314.9	2,326.1
Associated companies		1,593.8	992.2
Available-for-sale financial assets and financial assets at fair value through profit or loss		247.2	198.8
Additions of investment properties, property, plant and equipment and intangible concession rights		(6,352.0)	(5,487.4)
Increase in interests in joint ventures		(3,418.8)	(2,439.2)
Increase in interests in associated companies		(3,273.5)	(1,171.5)
Increase in other non-current assets		(203.1)	(1,349.8)
(Increase)/decrease in short-term bank deposits maturing after more than three months		(148.5)	73.3
Deposits paid for potential investments		(1,875.0)	–
Acquisition of subsidiaries (net of cash and cash equivalents)	47(c)	(985.0)	(75.2)
Purchase of available-for-sale financial assets and financial assets at fair value through profit or loss		(709.4)	(446.6)
Proceeds from disposal of			
Associated companies		4,757.2	–
Available-for-sale financial assets and financial assets at fair value through profit or loss		773.1	1,609.3
Investment properties, property, plant and equipment and land use rights		502.7	765.3
Joint ventures		566.3	–
Non-current assets classified as assets held for sale		1,639.2	119.6
Subsidiaries (net of cash and cash equivalents)	47(e)	263.8	–
Net cash used in investing activities		(3,578.7)	(4,190.1)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 30 June 2014

	Note	2014 HK\$m	2013 HK\$m
Cash flows from financing activities			
Issue of fixed rate bonds, net of transaction costs		11,096.4	4,193.7
New bank and other loans		33,921.9	32,735.6
Repayment of bank and other loans		(23,800.7)	(20,906.7)
Redemption of convertible bonds		(7,702.3)	–
Increase in loans from non-controlling shareholders		358.2	755.9
Decrease/(increase) in restricted bank balances		71.1	(44.8)
Increase in interests in subsidiaries		(60.0)	(137.5)
Issue of shares		13,119.3	132.0
Interest paid		(2,982.6)	(3,183.7)
Dividends paid to shareholders of the Company		(796.5)	(738.5)
Dividends paid to non-controlling shareholders		(1,089.8)	(1,452.5)
Net cash from financing activities		22,135.0	11,353.5
Net increase in cash and cash equivalents		21,868.9	11,682.2
Cash and cash equivalents at beginning of the year		39,585.3	27,344.7
Translation differences		(376.8)	558.4
Cash and cash equivalents at end of the year		61,077.4	39,585.3
Analysis of cash and cash equivalents			
Cash at banks and on hand	36	28,128.7	17,081.9
Short-term bank deposits maturing within three months		32,948.7	22,503.4
		61,077.4	39,585.3

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, telecommunications, media, technology and other strategic businesses.

These consolidated financial statements have been approved by the Board of Directors on 24 September 2014.

2 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, 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 new or revised standards, amendments to standards and interpretation

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

HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	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

2 Basis of preparation (continued)

(a) Adoption of new or revised standards, amendments to standards and interpretation (continued)

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

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

HKFRS 11 "Joint Arrangements". Under HKFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements. Joint ventures are accounted for using the equity method. The assets that the Group has the rights and liabilities that the Group has the obligations in relation to the joint operations are recognised in the consolidated statement of financial position on an accrual basis and classified according to the nature of the item. The share of expenses that the Group incurs and its share of income that it earns from the joint operations are included in the consolidated income statement.

HKFRS 12 "Disclosure of Interests in Other Entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The adoption of HKFRS 12 requires additional disclosures for subsidiaries with material non-controlling interests to the Group.

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

2 Basis of preparation (continued)

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

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

Effective for the year ending 30 June 2015

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

Effective for the year ending 30 June 2016 or after

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

The Group has already commenced an assessment of the impact of these new or revised standards, amendments to standards and interpretation, certain of which may be relevant to the Group's 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.

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

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

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former 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 at the acquisition date. 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.

3 Principal accounting policies (continued)

(a) Consolidation (continued)

(ii) Joint arrangements

Under HKFRS 11, investments in joint arrangements are classified as either joint ventures or joint operations depending on the contractual rights and obligations of each investor.

(1) Joint ventures

The Group recognises its interests in joint ventures using equity method of accounting. Interests in joint ventures are stated in the consolidated financial statements at cost (including goodwill on acquisition) plus the share of post-acquisition results and movements in other comprehensive income 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 joint ventures at the date of acquisition. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. The share of post-acquisition results and other comprehensive income is based on the relevant profit sharing ratios which vary according to the nature of the joint ventures set out as follows:

- (a) **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.
- (b) **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.
- (c) **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 joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets from the joint venture 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 joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

3 Principal accounting policies (continued)

(a) Consolidation (continued)

(ii) Joint arrangements (continued)

(2) Joint operations

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

(iii) Associated companies

An associated company is a company other than a subsidiary and a joint venture, in which the Group has significant influence, but not control, 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 other comprehensive income is recognised in the consolidated statement of comprehensive income. 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.

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

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 joint ventures and associated companies is included in interests in joint ventures 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.

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.

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.

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
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.

3 Principal accounting policies (continued)

(g) Impairment of investments in subsidiaries, joint ventures, associated companies and non-financial assets

Non-financial assets that have an indefinite useful life, for example goodwill, or have not yet been available for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount. An impairment loss is recognised in the 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, joint ventures or associated companies is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, joint venture or associated 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.

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.

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.

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 works, 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 works, 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 works, for all contracts in progress for progress billings exceed costs incurred plus recognised profits (less recognised losses).

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.

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, joint ventures and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred 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, joint ventures and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred 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.

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 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.

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 installments 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.

3 Principal accounting policies (continued)

(x) Revenue recognition (continued)

(vi) Hotel operations

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

(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) 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.

(ix) 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.

3 Principal accounting policies (continued)

(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.

(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 service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the consolidated income statement.

3 Principal accounting policies (continued)

(aa) Employee benefits (continued)

(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) 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.

(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.

3 Principal accounting policies (continued)

(ab) Foreign currencies (continued)

(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.

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 joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

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

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 2014, the Group's entities with functional currency of Hong Kong dollar had aggregate United States dollar net monetary liabilities of HK\$8,511.2 million (2013: HK\$5,691.1 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 2014, the Group's entities with functional currency of Hong Kong dollar had aggregate Renminbi net monetary assets of HK\$3,701.0 million (2013: HK\$2,750.7 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\$185.0 million (2013: HK\$137.5 million) lower/higher.

At 30 June 2014, the Group's entities with functional currency of Renminbi had aggregate United States dollar net monetary assets of HK\$1,397.4 million (2013: HK\$2,753.4 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\$69.9 million (2013: HK\$137.7 million) lower/higher.

At 30 June 2014, the Group's entities with functional currency of Renminbi had aggregate Hong Kong dollar net monetary liabilities of HK\$14,136.0 million (2013: HK\$12,232.6 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\$706.8 million (2013: HK\$611.6 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 2014 and 2013 that are denominated in a non-functional currency. Currency risks as defined by HKFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency, differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

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 and amounts due from joint ventures 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 (2013: 100 basis points) higher/lower with all other variables held constant, the Group's profit before taxation would have been HK\$204.9 million higher or HK\$213.0 million lower respectively (2013: HK\$76.5 million higher or HK\$79.7 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 (2013: 100 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 the 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 2014, 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\$1,182.3 million (2013: HK\$1,244.7 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\$15.7 million and HK\$1,166.6 million (2013: HK\$70.7 million and HK\$1,174.0 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 2014, 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\$152.0 million (2013: HK\$69.2 million) higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

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, joint ventures, 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.

Bank 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, joint ventures and associated companies through exercising control, joint 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 2014 and 2013, no provision on the above guarantees to banks had been made in 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 HK\$m	Total contractual undiscounted cash flow HK\$m	Within 1 year or on demand HK\$m	Over 1 year but within 5 years HK\$m	After 5 years HK\$m
At 30 June 2014					
Creditors and accrued charges	22,685.1	22,685.1	21,019.6	1,656.3	9.2
Short-term borrowings	8,863.8	8,917.0	8,917.0	–	–
Long-term borrowings	111,715.3	120,485.3	26,860.0	71,700.9	21,924.4
At 30 June 2013					
Creditors and accrued charges	20,790.4	20,790.4	19,428.2	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

Derivative financial liabilities:

	Total contractual undiscounted cash flow HK\$m	Within 1 year or on demand HK\$m	Over 1 year but within 5 years HK\$m	After 5 years HK\$m
At 30 June 2014				
Derivative financial instruments (net settled)	397.7	129.9	237.9	29.9
At 30 June 2013				
Derivative financial instruments (net settled)	598.4	137.1	363.7	97.6

There are no gross settled derivative financial liabilities as at 30 June 2014.

4 Financial risk management and fair value estimation (continued)

(c) Liquidity risk (continued)

Company

Non-derivative financial liabilities:

	Carrying amount HK\$m	Total contractual undiscounted cash flow HK\$m	Within 1 year or on demand HK\$m	Over 1 year but within 5 years HK\$m	After 5 years HK\$m
At 30 June 2014					
Creditors and accrued charges	381.4	381.4	381.4	–	–
Amounts payable to subsidiaries	25,219.6	25,219.6	25,219.6	–	–
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	–	–

(d) Capital management

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

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

The Group monitors capital on the basis of the Group's gearing ratio 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 2014 and 2013 were as follows:

	2014 HK\$m	2013 HK\$m
Consolidated total borrowings (excluding loans from non-controlling shareholders)	116,562.0	102,755.3
Less: cash and bank balances	61,823.2	40,262.3
Consolidated net debt	54,738.8	62,493.0
Total equity	200,276.5	177,745.0
Gearing ratio	27.3%	35.2%

The decrease in gearing ratio as at 30 June 2014 was primarily resulted from the increase in equity contributed by profit for the year and the issue of rights shares.

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. See Note 17 for disclosure relating to the investment properties which are measured at fair value.

- (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 2014:

	Level 1 HK\$m	Level 2 HK\$m	Level 3 HK\$m	Total HK\$m
Available-for-sale financial assets	1,849.3	57.2	2,822.9	4,729.4
Financial assets at fair value through profit or loss	179.3	23.3	405.6	608.2
Derivative financial instruments				
Derivative financial assets	–	25.8	58.8	84.6
	2,028.6	106.3	3,287.3	5,422.2
Derivative financial instruments				
Derivative financial liabilities	–	(829.0)	(35.6)	(864.6)

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 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)

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 2014:

	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 2013	3,540.6	195.8	58.8	(40.9)
Additions	209.9	231.3	–	–
Net gain/(loss) recognised in the consolidated statement of comprehensive income/income statement	(317.2)	81.4	–	5.3
Disposals	(28.1)	(102.9)	–	–
Transfer to Level 1	(583.5)	–	–	–
Transfer from Level 1	1.2	–	–	–
At 30 June 2014	2,822.9	405.6	58.8	(35.6)

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 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)

The following unobservable inputs were used to determine the fair value of the available-for-sale financial assets included in level 3.

	2014 Fair value HK\$m	Valuation technique	Unobservable inputs	Range of unobservable inputs
Property investment industry	1,876.0	Net asset value (note)	N/A	N/A
Entertainment industry	373.8	Market comparable approach	Enterprise value/ earnings before interest and tax multiple	8.52 times – 37.55 times
Others	573.1			
	2,822.9			

Note: The Group has determined that the reported net asset value represents fair value at the end of the reporting period.

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.

(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 2014, if the market value of investment properties had been 5% (2013: 8%) higher/lower with all other variables held constant, the carrying value of the Group's investment properties would have been HK\$3,869.2 million (2013: HK\$5,735.3 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.

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 joint ventures 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.

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, in particular those projects still in their ramp-up period. The growth in future traffic flow projected by the management is highly dependent on the realisation of the aforementioned factors. 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:

	2014 HK\$m	2013 HK\$m
Revenues		
Property sales	29,329.2	24,249.2
Rental	2,348.3	2,188.4
Contracting	7,122.3	2,712.6
Provision of services	6,664.5	6,956.3
Infrastructure operations	2,345.8	2,223.5
Hotel operations	3,751.4	3,482.3
Department store operations	3,975.4	3,954.1
Others	964.2	1,013.5
Total	56,501.1	46,779.9

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 perspectives, which comprises property development, property investment, service, infrastructure, hotel operations, department stores and others (including telecommunications, media, technology and other strategic businesses) segments.

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	Others HK\$m	Consolidated HK\$m
2014								
Total revenues	29,367.1	2,625.6	20,604.7	2,345.8	3,751.4	3,975.4	1,168.2	63,838.2
Inter-segment	(37.9)	(277.3)	(6,817.9)	-	-	-	(204.0)	(7,337.1)
Revenues – external	29,329.2	2,348.3	13,786.8	2,345.8	3,751.4	3,975.4	964.2	56,501.1
Segment results	9,540.8	1,507.1	913.8	1,085.0	511.9	543.2	13.9	14,115.7
Other gains, net	160.0	(34.8)	89.1	603.8	(135.9)	(24.0)	1,654.8	2,313.0
Changes in fair value of investment properties	-	1,314.1	111.4	-	-	-	-	1,425.5
Unallocated corporate expenses								(1,031.1)
Operating profit								16,823.1
Financing income								1,083.5
Financing costs								(1,927.1)
								15,979.5
Share of results of								
Joint ventures	26.1	698.5	225.1	1,253.8	(151.6)	-	(57.4)	1,994.5
Associated companies	20.0	241.9	387.3	179.4	1.1	-	272.3	1,102.0
Profit before taxation								19,076.0
Taxation								(5,738.2)
Profit for the year								13,337.8
Segment assets	108,579.2	76,806.2	11,617.0	18,112.1	13,928.4	7,048.1	7,721.7	243,812.7
Interests in joint ventures	13,411.4	11,796.5	3,490.5	15,281.2	1,184.7	-	583.9	45,748.2
Interests in associated companies	987.6	2,669.2	7,726.6	5,369.8	1.1	-	239.7	16,994.0
Unallocated assets								62,672.5
Total assets								369,227.4
Segment liabilities	16,521.7	1,099.5	6,056.2	814.7	929.1	4,491.5	2,160.8	32,073.5
Unallocated liabilities								136,877.4
Total liabilities								168,950.9
Additions to non-current assets (note)	7,915.0	4,092.6	239.5	14.2	2,849.3	1,049.7	1,035.9	17,196.2
Depreciation and amortisation	67.2	11.0	150.4	768.1	530.9	391.6	353.8	2,273.0
Impairment charge and provision	-	-	-	-	125.9	-	101.8	227.7

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	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	1,108.7	52,845.9
Inter-segment	(518.8)	(223.4)	(5,228.6)	-	-	-	(95.2)	(6,066.0)
Revenues – external	24,249.2	2,188.4	9,668.9	2,223.5	3,482.3	3,954.1	1,013.5	46,779.9
Segment results	6,891.9	1,330.8	1,167.0	1,119.3	517.5	743.7	(5.1)	11,765.1
Other gains, net	310.1	13.0	40.8	317.3	0.4	(31.9)	349.3	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								
Joint ventures	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)	-	259.3	1,320.4
Profit before taxation								23,311.2
Taxation								(4,794.8)
Profit for the year								18,516.4
Segment assets	106,697.6	72,575.5	10,626.9	16,828.3	11,511.6	6,446.5	6,278.2	230,964.6
Interests in joint ventures	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	-	2,597.6	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	1,672.6	33,646.7
Unallocated liabilities								120,797.4
Total liabilities								154,444.1
Additions to non-current assets (note)	9,254.9	3,888.6	210.5	10.7	2,727.7	262.1	463.5	16,818.0
Depreciation and amortisation	60.4	7.0	139.0	718.3	446.6	393.4	115.7	1,880.4
Impairment charge and provision	-	-	-	-	-	118.2	201.9	320.1

6 Revenues and segment information (continued)

	Revenues HK\$m	Non-current assets (note) HK\$m
2014		
Hong Kong	26,688.3	68,410.4
Mainland China	28,606.7	72,424.4
Others	1,206.1	2,704.7
	56,501.1	143,539.5
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

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

7 Other income

	2014 HK\$m	2013 HK\$m
Dividend income from investments in		
Listed shares	38.4	54.3
Unlisted shares	208.8	144.5
	247.2	198.8

8 Other gains, net

	2014 HK\$m	2013 HK\$m
Write back of provision for loans and other receivables	4.9	5.9
Gain on deemed disposal of interests in subsidiaries	31.4	–
Gain on deemed disposal of interests in joint ventures (note 38(a))	594.3	–
Gain on remeasuring previously held interest of joint ventures at fair value upon further acquisition to become subsidiaries	67.3	11.9
Net gain on fair value of financial assets at fair value through profit or loss	105.6	126.2
Net gain/(loss) on disposal of		
Investment properties, property, plant and equipment and land use rights	41.3	440.8
Assets held for sale	(46.0)	59.8
Available-for-sale financial assets	198.2	143.6
Financial assets at fair value through profit or loss	–	(212.1)
Subsidiaries	119.8	–
Joint ventures	18.6	–
Associated companies (note)	1,749.4	–
Impairment loss on		
Available-for-sale financial assets	(6.6)	(201.9)
Loans and other receivables	(91.1)	–
Property, plant and equipment	(4.1)	(118.2)
Intangible assets	(125.9)	–
Net exchange (loss)/gain	(344.1)	743.0
	2,313.0	999.0

Note: Gain on disposal of associated companies mainly include the following:

On 20 December 2013, the Company and Upper Start Holdings Limited (“Upper Start”), a wholly owned subsidiary of the Group, entered into a share purchase agreement with HKT Limited (“HKT”), CSL New World Mobility Limited (“CSLNW”), Telstra Holdings (Bermuda) No. 2 Limited (“Telstra Bermuda”) and Telstra Corporation Limited pursuant to which Telstra Bermuda and Upper Start had conditionally agreed to sell and HKT had conditionally agreed to purchase the entire issued share capital of CSLNW, an associated company of the Group, for an aggregate purchase price of US\$2,425.0 million (equivalent to approximately HK\$18,866.5 million) subject to adjustments. The share of consideration to be received by Upper Start amounted to approximately US\$572.3 million (equivalent to approximately HK\$4,452.5 million). The transaction was completed on 14 May 2014 and the Group recognised a gain on disposal of interests in an associated company of approximately HK\$1,751.8 million for the year ended 30 June 2014.

9 Operating profit

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

	2014 HK\$m	2013 HK\$m
Gross rental income from investment properties	2,172.0	2,020.1
Outgoings	(649.6)	(590.9)
	1,522.4	1,429.2
Cost of inventories sold	(20,970.6)	(19,059.1)
Depreciation of property, plant and equipment (note 18)	(1,342.9)	(997.3)
Amortisation		
Intangible assets (note 21)	(85.6)	(83.8)
Land use rights (note 19)	(86.3)	(90.4)
Intangible concession rights (note 20)	(758.2)	(708.9)
Operating lease rental expense		
Land and buildings	(1,103.0)	(958.6)
Other equipment	(7.8)	(7.5)
Staff costs (note 15(a))	(5,569.6)	(4,722.9)
Auditor's remuneration	(65.6)	(60.8)

10 Financing costs

	2014 HK\$m	2013 HK\$m
Interest on bank loans and overdrafts		
Wholly repayable within five years	2,656.7	2,138.1
Not wholly repayable within five years	251.6	332.3
Interest on convertible bonds		
Wholly repayable within five years	410.2	418.2
Interest on fixed rate bonds		
Wholly repayable within five years	939.7	829.0
Not wholly repayable within five years	769.1	447.7
Interest on loans from non-controlling shareholders		
Not wholly repayable within five years	1.9	1.8
Total borrowing costs incurred	5,029.2	4,167.1
Capitalised as (note):		
Cost of properties under development	(2,763.6)	(2,157.4)
Cost of property, plant and equipment under construction and investment properties under development	(338.5)	(306.1)
	1,927.1	1,703.6

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% (2013: 4.2%) for the year.

11 Taxation

	2014 HK\$m	2013 HK\$m
Current taxation		
Hong Kong profits tax	864.0	1,077.4
Mainland China and overseas taxation	2,069.4	2,041.4
Mainland China land appreciation tax	2,425.0	1,498.4
Deferred taxation (note 29)		
Valuation of investment properties	143.8	195.3
Other temporary differences	236.0	(17.7)
	5,738.2	4,794.8

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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 operates. These rates range from 9% to 25% (2013: 9% to 25%).

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2013: 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 joint ventures and associated companies is stated after deducting the share of taxation of joint ventures and associated companies of HK\$942.1 million and HK\$121.8 million (2013: HK\$1,207.3 million and HK\$116.9 million) respectively.

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:

	2014 HK\$m	2013 HK\$m
Profit before taxation and share of results of joint ventures and associated companies	15,979.5	18,591.5
Calculated at a taxation rate of 16.5% (2013: 16.5%)	2,636.6	3,067.6
Effect of different taxation rates in other countries	843.9	783.9
Income not subject to taxation	(1,106.0)	(1,689.7)
Expenses not deductible for taxation purposes	855.6	1,083.9
Tax losses not recognised	318.8	302.9
Temporary differences not recognised	41.2	(21.6)
Tax exemption granted	(1.2)	(7.5)
Utilisation of previously unrecognised tax losses	(108.1)	(134.1)
Deferred taxation on undistributed profits	268.3	290.3
Recognition of previously unrecognised temporary differences	98.5	(14.1)
Under-provision in prior years	68.8	26.7
Land appreciation tax deductible for calculation of income tax purposes	(604.6)	(374.6)
Others	1.4	(17.3)
	3,313.2	3,296.4
Mainland China land appreciation tax	2,425.0	1,498.4
Taxation charge	5,738.2	4,794.8

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\$3,076.3 million (2013: HK\$2,209.9 million).

13 Dividends

	2014 HK\$m	2013 HK\$m
Interim dividend of HK\$0.12 (2013: HK\$0.12) per share	773.2	751.7
Final dividend proposed of HK\$0.30 (2013: HK\$0.30) per share	2,599.5	1,893.5
	3,372.7	2,645.2
Of which the following were settled by the issue of scrip:		
Interim dividend	563.3	551.1
Final dividend	#	1,306.9

Full amount had been set aside from retained profits for the 2014 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 24 September 2014, 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 2015.

14 Earnings per share

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

	2014 HK\$m	2013 HK\$m
Profit attributable to shareholders of the Company	9,725.4	14,148.7
Effect of dilutive potential ordinary shares in respect of convertible bonds issued by a subsidiary:		
Interest expense	342.5	349.2
Adjustment on the effect of dilution in the results of subsidiaries	(2.5)	(1.5)
Profit for calculating diluted earnings per share	10,065.4	14,496.4
	Number of shares (million)	
	2014	2013 Adjusted
Weighted average number of shares for calculating basic earnings per share	7,102.5	6,601.1
Effect of dilutive potential ordinary shares upon the conversion of convertible bonds	257.1	267.4
Effect of dilutive potential ordinary shares upon the exercise of share options	5.5	18.5
Weighted average number of shares for calculating diluted earnings per share	7,365.1	6,887.0

The earnings per share for the year ended 30 June 2013 have been adjusted to reflect the effect of rights issue of the Company during the year.

Diluted earnings per share for the year ended 30 June 2014 and 2013 assumed the effects of conversion of convertible bonds and exercise of share options outstanding during the year since they would have a dilutive effect.

15 Staff costs

(a) Staff costs

	2014 HK\$m	2013 HK\$m
Wages, salaries and other benefits	5,207.4	4,350.6
Pension costs – defined benefit plans	4.2	2.7
Pension costs – defined contribution plans	259.4	223.8
Share options (note (b))	98.6	145.8
	5,569.6	4,722.9

Staff costs include directors' remuneration.

(b) Share options

During the year, the Company and its subsidiaries, New World China Land Limited ("NWCL") 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 and NWDS respectively.

Details of share options are as follows:

Grantor	Date of grant	Exercise price HK\$	At 1 July 2013	Granted	Adjusted	Exercised	Lapsed/ cancelled	At 30 June 2014	Number of share options exercisable as at 30 June 2014	Note
The Company	19 March 2012 to 22 January 2014	9.176 to 11.267	97,518,522	30,100,000	7,889,504	(379,000)	(2,479,032)	132,649,994	78,512,879	(i)
	Weighted average exercise price of each category (HK\$)		9.953	10.400	9.453	9.756	10.946	9.444	9.333	
NWCL	31 July 2008 to 22 August 2011	1.290 to 3.913	27,876,479	-	-	(14,354,888)	(1,360,981)	12,160,610	8,362,793	(ii)
	Weighted average exercise price of each category (HK\$)		2.996	-	-	2.965	3.001	3.031	3.073	
	3 May 2012 to 13 January 2014	2.450 to 4.010	16,893,380	6,296,400	-	(5,398,770)	(854,800)	16,936,210	3,150,430	(ii)
	Weighted average exercise price of each category (HK\$)		3.085	3.982	-	3.104	2.969	3.418	3.212	
NWDS	27 November 2007 to 25 March 2008	8.440 to 8.660	13,828,000	-	-	-	(13,828,000)	-	-	(iii)
	Weighted average exercise price of each category (HK\$)		8.627	-	-	-	8.627	-	-	

15 Staff costs (continued)

(b) 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, 16 November 2012 and 22 January 2014, 107,300,000, 9,400,000 and 30,100,000 share options were granted to Directors and certain eligible participants at the exercise price of HK\$9.770, HK\$11.996 and HK\$10.400 per share respectively.

The Company announced rights issue on 13 March 2014 which became unconditional on 24 April 2014 and declared interim dividend for the six months ended 31 December 2013 in cash (with scrip option) during the year. Accordingly, adjustments were made to the number of outstanding share options and the exercise price. The exercise price per share of the share options granted on 19 March 2012 was adjusted from HK\$9.756 to HK\$9.184 on 25 April 2014, and further to HK\$9.176 on 23 May 2014. The exercise price per share of the share options granted on 16 November 2012 was adjusted from HK\$11.979 to HK\$11.277 on 25 April 2014, and further to HK\$11.267 on 23 May 2014. The exercise price per share of the share options granted on 22 January 2014 was adjusted from HK\$10.400 to HK\$9.790 on 25 April 2014, and further to HK\$9.781 on 23 May 2014.

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 share options granted on 22 January 2014 were divided into 4 tranches exercisable from 22 January 2014, 22 January 2015, 22 January 2016 and 22 January 2017 respectively to 21 January 2018.

The fair value of the share options granted during the year is estimated at HK\$2.054 (2013: HK\$3.082) per share using the Binomial pricing model. Value is estimated based on the risk-free rate at 1.192% (2013: 0.199%) per annum with reference to the market yield rates of the Hong Kong Government Bond (maturing 18 June 2018) as of the value date, a historical volatility of 31.90% (2013: 42.86%) calculated based on the historical price with period equals to the life of the options, assuming dividend yield of 3.29% (2013: 3.05%) 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 3 to 5 tranches and exercisable within a period of 3 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\$9.0 million (2013: HK\$13.2 million). The significant inputs to the model was share price ranging from HK\$3.97 to HK\$4.01 (2013: HK\$2.70 to HK\$3.88) at the grant dates, exercise prices ranging from HK\$3.97 to HK\$4.01 (2013: HK\$2.76 to HK\$3.88), volatility of the share ranging from 44.49% to 51.49% (2013: 52.93% to 54.70%), expected life of options of 5 years (2013: 5 years), expected dividend yield ranging from 1.24% to 1.89% (2013: 2.03% to 2.63%), risk-free interest rate ranging from 1.19% to 1.51% (2013: 0.34% to 1.27%) per annum and suboptimal exercise factor ranging from 1.91 to 1.93 times (2013: 1.88 to 1.93 times) of the exercise prices (which accounts for the early exercise behaviour of the option holders). The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of NWCL over the past 5 years.

- (iii) All unexercised share options were lapsed on or before 25 March 2014.
- (iv) 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.

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 2014						
Dr. Cheng Kar-Shun, Henry	1.6	57.9	4.4	1.4	7.5	72.8
Mr. Doo Wai-Hoi, William	0.4	-	-	-	0.3	0.7
Mr. Liang Chong-Hou, David	0.1	-	-	-	0.4	0.5
Mr. Yeung Ping-Leung, Howard	0.4	-	-	-	0.4	0.8
Mr. Cha Mou-Sing, Payson	0.4	-	-	-	0.4	0.8
Mr. Cheng Kar-Shing, Peter	0.6	4.3	1.0	0.4	0.5	6.8
Mr. Ho Hau-Hay, Hamilton	0.4	-	-	-	0.4	0.8
Mr. Lee Luen-Wai, John	0.7	-	-	-	0.4	1.1
Mr. Liang Cheung-Biu, Thomas	0.4	-	-	-	0.4	0.8
Dr. Cheng Chi-Kong, Adrian	0.7	9.5	2.7	0.7	2.7	16.3
Ms. Ki Man-Fung, Leonie	0.3	4.4	-	0.4	2.2	7.3
Mr. Cheng Chi-Heng	0.3	1.4	0.3	-	0.4	2.4
Mr. Chen Guanzhan	0.3	4.1	1.0	0.2	2.6	8.2
Ms. Cheng Chi-Man, Sonia	0.5	8.0	1.2	0.4	2.2	12.3
Mr. Au Tak-Cheong	0.8	14.3	1.4	0.4	2.0	18.9
Total	7.9	103.9	12.0	3.9	22.8	150.5
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
Mr. Cha Mou-Sing, Payson	0.3	-	-	-	0.4	0.7
Mr. Cheng Kar-Shing, Peter	0.4	4.1	1.0	0.4	0.4	6.3
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
Dr. 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	20.9	99.6

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

(a) Directors' emoluments (continued)

Fees paid to independent non-executive directors amounted to HK\$2.3 million (2013: HK\$1.8 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 (2013: 3 directors) whose emoluments are reflected above. The emoluments to the remaining 2 (2013: 2) individuals during the year are as follows:

	2014 HK\$m	2013 HK\$m
Salaries and other emoluments	60.2	16.4
Contributions to retirement benefit schemes	0.8	1.2
Share options	1.8	3.7
	62.8	21.3

The emoluments of the individuals fell within the following bands:

	Number of individuals	
	2014	2013
Emolument band (HK\$)		
9,500,001-10,000,000	–	1
11,500,001-12,000,000	–	1
30,000,001-30,500,000	1	–
32,000,001-32,500,000	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.

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:

Emolument band (HK\$)	Number of individuals	
	2014	2013
5,500,001–6,000,000	1	1
7,500,001–8,000,000	–	1
8,000,001–8,500,000	–	1
9,000,001–9,500,000	1	–
	2	3

17 Investment properties

	Group		Company	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
Completed investment properties	53,190.6	50,142.8	–	–
Investment properties under development	24,194.0	21,548.4	98.0	92.0
	77,384.6	71,691.2	98.0	92.0

17 Investment properties (continued)

	Group			Company
	Completed investment properties HK\$m	Investment properties under development HK\$m	Total HK\$m	Investment properties under development HK\$m
At 1 July 2013	50,142.8	21,548.4	71,691.2	92.0
Translation differences	(257.5)	(38.8)	(296.3)	–
Acquisition of a subsidiary	1,898.7	–	1,898.7	–
Disposal of a subsidiary	(41.0)	–	(41.0)	–
Additions	400.3	1,816.3	2,216.6	0.6
Transfer between property, plant and equipment and land use rights	132.0	–	132.0	–
Transfer from properties under development/held for sale	530.4	341.1	871.5	–
Disposals	(382.5)	–	(382.5)	–
Changes in fair value	1,034.0	391.5	1,425.5	5.4
Reclassified as assets held for sale	(131.1)	–	(131.1)	–
Reclassification	(135.5)	135.5	–	–
At 30 June 2014	53,190.6	24,194.0	77,384.6	98.0
	Group			Company
	Completed investment properties HK\$m	Investment properties under development HK\$m	Total HK\$m	Investment properties under development HK\$m
At 1 July 2012	43,715.2	17,037.0	60,752.2	74.0
Translation differences	611.3	88.9	700.2	–
Acquisition of a subsidiary	384.1	–	384.1	–
Additions	839.1	1,349.3	2,188.4	0.7
Transfer between property, plant and equipment and land use rights	303.4	–	303.4	–
Transfer from properties under development/held for sale	380.0	379.7	759.7	–
Disposals	(64.6)	–	(64.6)	–
Changes in fair value	4,403.1	3,057.7	7,460.8	17.3
Reclassified as assets held for sale	(793.0)	–	(793.0)	–
Reclassification	364.2	(364.2)	–	–
At 30 June 2013	50,142.8	21,548.4	71,691.2	92.0

17 Investment properties (continued)

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Jones Lang LaSalle Sallmanns Limited, Savills Valuation and Professional Services Limited, and Knight Frank Petty Limited, independent qualified valuers, who hold recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, at 30 June 2014 on an open market value basis. For all investment properties, their current use equates to the highest and best use.

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

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

Valuation techniques

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

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

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

As at 30 June 2014, all investment properties are included in level 3 fair value hierarchy.

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

17 Investment properties (continued)

Information about fair value measurements using significant unobservable inputs:

	2014 Fair value	Valuation technique	Range of significant unobservable inputs		
			Prevailing market rents per month	Unit price	Capitalisation rate
HK\$m					
Completed investment properties					
Hong Kong					
Commercial	29,396.6	Income capitalisation	HK\$13 – HK\$435 per square feet	N/A	1.6% – 7.5%
Carparks	1,279.0	Income capitalisation	HK\$2,800 – HK\$4,750 per carpark space	N/A	4.3% – 6.5%
Mainland China					
Commercial	15,275.1	Income capitalisation	HK\$23 – HK\$267 per square metre	N/A	4.0% – 8.8%
Carparks	4,559.1	Direct comparison	N/A	HK\$81,000 – HK\$437,000 per carpark space	N/A
Residential	2,680.8	Income capitalisation	HK\$14 – HK\$202 per square metre	N/A	4.0% – 15.0%
Total	53,190.6				

	2014 Fair value	Valuation technique	Range of significant unobservable inputs	
			Unit price	Estimated developer's profit and risk margins
HK\$m				
Investment properties under development				
Commercial	23,140.1	Residual	HK\$1,000 – HK\$21,500 per square feet	2.0% – 13.0%
Carparks	974.3	Residual	HK\$125,000 – HK\$238,000 per carpark space	2.0% – 5.0%
Residential	79.6	Residual	HK\$16,300 per square metre	11.0%
Total	24,194.0			

17 Investment properties (continued)

Prevailing market rents are estimated based on independent valuers' view of recent lettings, within the subject properties and other comparable properties. The higher the rents, the higher the fair value.

Capitalisation rates and developer's profit and risk margins are estimated by independent valuers based on the risk profile of the properties being valued and the market conditions. The lower the rates and the margins, the higher the fair value.

At 30 June 2014, the aggregate fair value of investment properties pledged as securities for the Group's borrowings amounted to HK\$31,420.7 million (2013: HK\$31,543.8 million) (note 41).

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

	Group	
	2014 HK\$m	2013 HK\$m
In Hong Kong		
Leases of over 50 years	17,311.1	17,276.4
Leases of between 10 to 50 years	33,966.5	32,337.3
Leases of less than 10 years	46.0	72.0
Outside Hong Kong		
Leases of over 50 years	1,088.4	1,006.5
Leases of between 10 to 50 years	24,972.6	20,999.0
	77,384.6	71,691.2

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

18 Property, plant and equipment

	Group						Company
	Leasehold land	Buildings	Telecom- munication equipment and systems	Others (note (a))	Assets under construction	Total	Others (note (a))
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Cost							
At 1 July 2013	2,956.9	7,600.4	3,278.5	7,436.0	4,254.5	25,526.3	3.3
Translation differences	-	(55.4)	-	(53.4)	(19.1)	(127.9)	-
Acquisition of subsidiaries	-	145.6	-	43.1	-	188.7	-
Additions	-	49.0	116.2	1,052.6	3,250.7	4,468.5	10.0
Transfer between property, plant and equipment and investment properties	-	(27.2)	-	(7.2)	(86.2)	(120.6)	-
Transfer between property, plant and equipment and land use rights	-	(194.4)	-	-	(27.4)	(221.8)	-
Transfer from properties for/under development and held for sale	-	184.9	-	-	-	184.9	-
Transfer upon completion	-	419.9	-	477.1	(897.0)	-	-
Disposal of subsidiaries	-	(78.8)	-	(42.4)	-	(121.2)	-
Disposals	(1.1)	(267.6)	(2.3)	(380.0)	-	(651.0)	-
At 30 June 2014	2,955.8	7,776.4	3,392.4	8,525.8	6,475.5	29,125.9	13.3
Accumulated depreciation and impairment							
At 1 July 2013	483.6	2,301.3	2,782.9	4,635.6	-	10,203.4	3.3
Translation differences	-	(16.1)	-	(38.2)	-	(54.3)	-
Transfer between property, plant and equipment and investment properties	-	(2.0)	-	(1.9)	-	(3.9)	-
Depreciation	39.3	309.9	294.3	699.4	-	1,342.9	2.0
Impairment	-	-	-	4.1	-	4.1	-
Disposal of subsidiaries	-	(43.3)	-	(41.7)	-	(85.0)	-
Disposals	(0.4)	(205.4)	(1.5)	(364.8)	-	(572.1)	-
At 30 June 2014	522.5	2,344.4	3,075.7	4,892.5	-	10,835.1	5.3
Net book value (note (b))							
At 30 June 2014	2,433.3	5,432.0	316.7	3,633.3	6,475.5	18,290.8	8.0

18 Property, plant and equipment (continued)

	Group					Company	
	Leasehold land	Buildings	Telecom- munication equipment and systems	Others (note (a))	Assets under construction	Total	Others (note (a))
	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 for/ under development	-	334.7	-	-	-	334.7	-
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:

- (a) Others mainly represented leasehold improvements for department stores, plant and machinery, motor vehicles, furniture and fixtures, office equipment and computer.
- (b) As at 30 June 2014, the aggregate net book value of property, plant and equipment pledged as securities for the Group's borrowings amounted to HK\$3,558.1 million (2013: HK\$2,581.4 million) (note 41).

18 Property, plant and equipment (continued)

The carrying value of leasehold land is analysed as follows:

	Group	
	2014 HK\$m	2013 HK\$m
In Hong Kong		
Leases of over 50 years	174.9	176.5
Leases of between 10 to 50 years	2,255.8	2,294.2
Outside Hong Kong		
Leases of over 50 years	2.6	2.6
	2,433.3	2,473.3

19 Land use rights

	Group	
	2014 HK\$m	2013 HK\$m
At beginning of the year	2,206.8	2,363.6
Translation differences	(28.2)	100.8
Acquisition of a subsidiary	64.4	–
Transfer from properties under development	17.6	–
Transfer to investment properties	(11.4)	(68.4)
Transfer from property, plant and equipment	221.8	–
Disposal of a subsidiary	(10.0)	–
Disposals	–	(85.9)
Amortisation	(86.3)	(90.4)
Impairment	–	(12.9)
At end of the year	2,374.7	2,206.8

19 Land use rights (continued)

	Group	
	2014 HK\$m	2013 HK\$m
In Hong Kong		
Leases of between 10 to 50 years	105.9	109.1
Outside Hong Kong		
Leases of over 50 years	2.2	2.3
Leases of between 10 to 50 years	2,266.6	2,095.4
	2,374.7	2,206.8

Interests in land use rights represent prepaid operating lease payments.

As at 30 June 2014, the aggregate net book value of land use rights pledged as securities for the Group's borrowings amounted to HK\$331.8 million (2013: HK\$317.9 million) (note 41).

20 Intangible concession rights

	Group	
	2014 HK\$m	2013 HK\$m
Cost		
At beginning of the year	18,981.2	18,227.9
Translation differences	(249.3)	752.6
Additions	–	0.7
At end of the year	18,731.9	18,981.2
Accumulated amortisation and impairment		
At beginning of the year	2,439.8	1,605.4
Translation differences	(50.5)	125.5
Amortisation	758.2	708.9
At end of the year	3,147.5	2,439.8
Net book value		
At end of the year	15,584.4	16,541.4

As at 30 June 2014, the aggregate net book value of intangible concession rights pledged as securities of the Group's borrowings amounted to HK\$14,980.8 million (2013: HK\$15,868.6 million) (note 41).

21 Intangible assets

	Group						Total HK\$m
	Goodwill	Trademarks	Hotel management contracts	Process, technology and know-how	Customer relationships	Operating rights	
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
Cost							
At 1 July 2013	2,340.1	614.9	428.1	38.9	544.8	634.8	4,601.6
Translation differences	(20.0)	-	-	-	-	-	(20.0)
Acquisition of subsidiaries	630.6	63.6	60.5	-	-	-	754.7
At 30 June 2014	2,950.7	678.5	488.6	38.9	544.8	634.8	5,336.3
Accumulated amortisation and impairment							
At 1 July 2013	228.9	-	41.0	7.5	52.2	132.7	462.3
Amortisation	-	-	23.3	3.9	27.2	31.2	85.6
Impairment	90.0	-	35.9	-	-	-	125.9
At 30 June 2014	318.9	-	100.2	11.4	79.4	163.9	673.8
Net book value							
At 30 June 2014	2,631.8	678.5	388.4	27.5	465.4	470.9	4,662.5
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

21 Intangible assets (continued)

Impairment test for goodwill

An operating segment level summary of the goodwill allocation is presented below:

	2014				2013			
	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	-	285.1	-	285.1	-	280.3	-	280.3
Service and infrastructure	849.3	-	-	849.3	849.3	-	-	849.3
Hotel operations	-	9.2	245.1	254.3	-	9.2	323.2	332.4
Department stores	-	1,168.2	-	1,168.2	-	635.0	-	635.0
Others	60.7	-	-	60.7	-	-	-	-
	910.0	1,476.7	245.1	2,631.8	849.3	938.7	323.2	2,111.2

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 segment of 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 was 15.6% (2013: 16.2%).

For the segment of service and infrastructure, growth rates ranging from 0% to 2% (2013: 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 were 6.2% (2013: 5.3%).

The segment of hotel operations includes hotel operations and hotel management services. The growth rates of hotel operations of 3.5% (2013: 3% to 4%) 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 5.1% to 7.5% (2013: 6.5% to 7.5%). For hotel management services, a financial budget of five-year with growth rates ranging from 23% to 83% (2013: 15% to 84%) are determined by considering both internal and external factors relating to this segment and the hotel management contracts in the pipeline. Cash flows beyond the five-year period are extrapolated using the estimated growth rates of 3% (2013: 3%). Discount rates used also reflect specific risks relating to the relevant segment, which were 18.2% (2013: 19.1%).

For the segment of department stores, estimated long-term growth rates of 5% (2013: 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 were 15.6% (2013: 16.2%).

22 Interests in subsidiaries

	Company	
	2014 HK\$m	2013 HK\$m
Unlisted shares, at cost less provision	1,777.2	1,874.3
Listed shares in Hong Kong, at cost	34,885.9	34,453.0
Amounts receivable less provision, non-interest bearing (note (a))	62,119.4	56,793.7
	98,782.5	93,121.0
Less: amounts receivable from subsidiaries less provision included in current assets	(52,102.1)	(50,980.7)
	46,680.4	42,140.3
Amounts payable to subsidiaries		
Interest bearing (note (b))	(8,469.2)	(18,673.4)
Non-interest bearing (note (a))	(16,750.4)	(14,338.0)
	(25,219.6)	(33,011.4)
Market value of listed shares	52,500.4	39,855.3

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") (2013: 2.0% over HIBOR) 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 51.

22 Interests in subsidiaries (continued)

The total non-controlling interests as at 30 June 2014 is HK\$40,468.2 million (2013: HK\$38,614.4 million), of which HK\$16,945.4 million (2013: HK\$16,471.0 million) is attributable to NWS Holdings Limited ("NWSH", a subsidiary of the Group) and HK\$18,360.2 million (2013: HK\$17,281.7 million) is attributed to NWCL. The total comprehensive income attributable to non-controlling interests for the year ended 30 June 2014 is HK\$2,966.1 million (2013: HK\$5,473.4 million), of which HK\$1,203.6 million (2013: HK\$2,154.8 million) is attributable to NWSH and HK\$1,306.1 million (2013: HK\$2,040.2 million) is attributable to NWCL. The non-controlling interests in respect of other subsidiaries are not material to the Group.

Set out below is the summarised financial information for NWSH and NWCL which are subsidiaries with material non-controlling interests to the Group.

Summarised statements of financial position as at 30 June 2014 are as follows:

	NWSH		NWCL	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
Non-current assets	55,135.5	52,089.3	61,912.2	56,293.9
Current assets	16,418.6	14,933.5	59,013.9	61,552.4
Total assets	71,554.1	67,022.8	120,926.1	117,846.3
Current liabilities	13,516.4	6,779.4	31,129.2	26,345.4
Non-current liabilities	14,994.3	19,222.4	28,478.3	33,797.3
Net assets	43,043.4	41,021.0	61,318.6	57,703.6
Non-controlling interests	827.0	837.9	3,566.1	3,354.9
Net assets after non-controlling interests	42,216.4	40,183.1	57,752.5	54,348.7

Summarised statements of comprehensive income for the year ended 30 June 2014 are as follows:

	NWSH		NWCL	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
Revenues	21,443.0	16,247.9	22,379.9	16,153.8
Profit before taxation	4,987.8	4,723.2	8,944.5	7,906.9
Taxation	(605.3)	(640.9)	(4,145.2)	(3,051.5)
Profit for the year	4,382.5	4,082.3	4,799.3	4,855.4
Other comprehensive income	(783.7)	1,230.1	(647.7)	1,561.7
Total comprehensive income	3,598.8	5,312.4	4,151.6	6,417.1
Non-controlling interests	47.5	105.2	151.7	256.3
Total comprehensive income after non-controlling interests	3,551.3	5,207.2	3,999.9	6,160.8
Dividends paid to non-controlling interests	58.4	105.8	23.6	–

22 Interests in subsidiaries (continued)

Summarised statements of cash flows for the year ended 30 June 2014 are as follows:

	NWSH		NWCL	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
Net cash from operating activities	3,165.0	2,474.8	1,245.8	866.0
Net cash (used in)/from investing activities	(1,601.8)	1,164.4	(4,046.3)	(1,622.7)
Net cash (used in)/from financing activities	(1,618.2)	(1,157.4)	1,098.9	6,493.7
Net (decrease)/increase in cash and cash equivalents	(55.0)	2,481.8	(1,701.6)	5,737.0
Translation differences	(73.8)	67.0	(284.0)	342.6
Cash and cash equivalents at beginning of the year	7,747.8	5,199.0	19,337.2	13,257.6
Cash and cash equivalents at end of the year	7,619.0	7,747.8	17,351.6	19,337.2

The information above represents balances before inter-company eliminations, reclassification of assets and remeasurement of assets at Group level.

23 Interests in joint ventures

	Group		Company	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
Equity joint ventures				
Group's share of net assets	3,156.7	3,580.1	–	–
Goodwill on acquisition	2.2	2.2	–	–
Amounts receivable less provision (note (a))	2,099.7	1,178.6	–	–
	5,258.6	4,760.9	–	–
Wholly foreign owned enterprises				
Group's share of net assets	2,313.7	2,208.9	–	–
Amounts receivable less provision (note (a))	192.2	190.4	–	–
	2,505.9	2,399.3	–	–

23 Interests in joint ventures (continued)

	Group		Company	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
Co-operative joint ventures				
Cost of investments less provision	6,939.1	7,012.3	–	–
Share of undistributed post-acquisition results	3,012.0	2,829.8	–	–
Amounts receivable less provision (note (a))	3,750.3	3,418.3	–	–
	13,701.4	13,260.4	–	–
Companies limited by shares				
Group's share of net assets	11,526.8	11,812.9	–	–
Goodwill on acquisition	1,475.5	1,541.7	–	–
Amounts receivable less provision (note (a))	10,659.4	9,480.7	978.8	955.2
	23,661.7	22,835.3	978.8	955.2
Deposits paid for a joint venture (note (b))	620.6	–	–	–
	45,748.2	43,255.9	978.8	955.2

Notes:

(a) Amounts receivable less provisions are analysed as follows:

	Group	
	2014 HK\$m	2013 HK\$m
Interest bearing		
Fixed rates (note (i))	483.8	484.0
Floating rates (note (ii))	5,284.4	4,677.2
Non-interest bearing	10,933.4	9,106.8
	16,701.6	14,268.0

(i) Carry interest rates ranging from 8.5% to 10.0% (2013: 8.5% to 10.0%) per annum.

(ii) Carry interest rates ranging from 0.875% over HIBOR to People's Bank of China rate (2013: 0.875% over HIBOR to People's Bank of China rate with 15% premium) per annum.

The amounts include HK\$30.0 million interest bearing (floating rate) receivable (2013: HK\$30.0 million) and HK\$948.8 million non-interest bearing receivable (2013: HK\$925.2 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.

23 Interests in joint ventures (continued)

Notes: (continued)

- (b) The balance represents payments of a proposed joint venture for which registration of the joint venture is pending for approval from the relevant government authorities.
- (c) There is no joint venture that is individually material to the Group. The Group's share of results of the joint ventures are as follows:

	2014 HK\$m	2013 HK\$m
For the year ended 30 June		
Profit for the year	1,994.5	3,399.3
Other comprehensive income for the year	(486.5)	(15.3)
Total comprehensive income for the year	1,508.0	3,384.0

- (d) Details of principal joint ventures are stated in note 52.

24 Interests in associated companies

	Group		Company	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
Group's share of net assets				
Listed shares in Hong Kong	7,694.1	5,099.2	–	–
Unlisted shares	6,625.6	7,716.9	2.1	2.1
	14,319.7	12,816.1	2.1	2.1
Goodwill	794.7	1,372.5	–	–
Amounts receivable less provision (note (a))	1,879.6	2,625.2	33.0	70.8
	16,994.0	16,813.8	35.1	72.9
Market value of listed shares (note (b))	4,722.4	2,039.8	–	–

Notes:

- (a) Amounts receivable less provision are analysed as follows:

	Group	
	2014 HK\$m	2013 HK\$m
Interest bearing		
Fixed rate (note (i))	143.5	795.7
Floating rate (note (ii))	850.3	221.1
Non-interest bearing (note (iii))	885.8	1,608.4
	1,879.6	2,625.2

24 Interests in associated companies (continued)

Notes: (continued)

(a) Amounts receivable less provision are analysed as follows: (continued)

- (i) Carry interest rate ranging from 6.0% to 8.0% (2013: 1.84% to 8.0%) per annum.
- (ii) Carry interest rate ranging from 0.58% over HIBOR to 1.3% over HIBOR (2013: 0.58% over HIBOR) per annum.
- (iii) The amounts include HK\$33.0 million (2013: HK\$70.8 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\$4,722.4 million (2013: HK\$2,039.8 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 2014.
- (c) There is no associated company that is individually material to the Group. The Group's share of results of the associated companies are as follows:

	2014 HK\$m	2013 HK\$m
<hr/>		
For the year ended 30 June		
Profit for the year	1,102.0	1,320.4
Other comprehensive income for the year	(38.3)	247.1
Total comprehensive income for the year	1,063.7	1,567.5

- (d) Details of principal associated companies are stated in note 53.

25 Available-for-sale financial assets

	Group		Company	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
Non-current				
Equity securities				
Unlisted shares and investments, at fair value	2,880.1	3,033.4	11.9	14.9
Listed shares, at market value				
Hong Kong	587.2	695.7	–	–
Overseas	1,017.7	666.2	–	–
Debt securities				
Listed debentures in Hong Kong, at market value	244.4	–	–	–
	4,729.4	4,395.3	11.9	14.9
Current				
Debt securities				
Unlisted convertible redeemable preference shares, at fair value	–	583.5	–	–
	4,729.4	4,978.8	11.9	14.9

The maximum exposure to credit risk at the end of the reporting period is the carrying value of the debt securities.

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	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
Hong Kong dollar	2,471.3	2,709.9	0.3	0.3
United States dollar	1,079.6	1,445.9	–	–
South African rand	736.6	–	–	–
Renminbi	384.0	772.0	11.6	14.6
Others	57.9	51.0	–	–
	4,729.4	4,978.8	11.9	14.9

26 Held-to-maturity investments

	Group	
	2014 HK\$m	2013 HK\$m
Debt securities		
Unlisted debentures	40.9	39.9

27 Derivative financial instruments

	Group	
	2014 HK\$m	2013 HK\$m
Non-current assets		
Foreign exchange and interest rate swaps	–	21.9
Others	39.5	39.5
	39.5	61.4
Current assets		
Foreign exchange and interest rate swaps	25.8	–
Others	19.3	19.3
	45.1	19.3
	84.6	80.7
Non-current liabilities		
Foreign exchange and interest rate swaps	(864.6)	(928.6)

The total notional principal amounts of the outstanding derivative financial instruments as at 30 June 2014 was HK\$11,789.7 million (2013: HK\$11,727.8 million).

28 Properties for development

The carrying value of properties for development is analysed as follows:

	Group	
	2014 HK\$m	2013 HK\$m
In Hong Kong		
Leases of over 50 years	2,928.3	2,722.9
Leases of between 10 to 50 years	3,882.6	7,466.6
Outside Hong Kong		
Leases of over 50 years	12,705.0	13,206.7
Leases of between 10 to 50 years	5,726.6	4,223.9
	25,242.5	27,620.1

At 30 June 2014, the aggregate carrying value of properties for development pledged as securities for the Group's borrowings amounted to HK\$923.3 million (2013: HK\$813.7 million) (note 41).

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	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
Deferred tax assets	764.7	814.2	55.4	55.4
Deferred tax liabilities	(9,011.9)	(8,387.2)	–	–
	(8,247.2)	(7,573.0)	55.4	55.4
At beginning of the year	(7,573.0)	(6,989.9)	55.4	55.4
Translation differences	51.5	(239.9)	–	–
Acquisition of subsidiaries	(472.2)	–	–	–
Transfer to current tax payable	27.3	–	–	–
Charged to consolidated income statement (note 11)	(379.8)	(177.6)	–	–
Credited/(charged) to reserves	99.0	(165.6)	–	–
At end of the year	(8,247.2)	(7,573.0)	55.4	55.4

29 Deferred taxation (continued)

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	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
At beginning 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
Translation differences	(2.6)	0.9	2.0	–	(22.0)	8.9	–	–	(1.0)	9.0	(23.6)	18.8
Acquisition of subsidiaries	16.2	–	–	–	16.4	–	–	–	–	–	32.6	–
(Charged)/credited to consolidated income statement	(5.1)	2.3	(6.0)	0.1	(53.8)	39.5	(126.3)	41.7	5.3	8.5	(185.9)	92.1
At end of the year	36.6	28.1	8.0	12.0	488.4	547.8	139.3	265.6	257.6	253.3	929.9	1,106.8

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, joint ventures and associated companies		Other items		Total	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
At beginning 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)
Translation differences	0.1	(26.8)	16.4	(81.6)	0.1	(0.3)	18.9	(40.7)	28.6	(87.7)	9.6	(19.2)	1.4	(2.4)	75.1	(258.7)
Acquisition of subsidiaries	(1.0)	–	–	–	–	–	(503.8)	–	–	–	–	–	–	–	(504.8)	–
Transfer to current tax payable	–	–	–	–	–	–	–	–	–	–	27.3	–	–	–	27.3	–
Credited/(charged) to consolidated income statement	13.2	(32.7)	(143.8)	(195.3)	–	(0.2)	15.1	70.5	89.3	59.1	(163.5)	(164.8)	(4.2)	(6.3)	(193.9)	(269.7)
(Charged)/credited to reserves	–	–	(1.0)	(24.1)	–	–	–	–	–	–	–	–	100.0	(141.5)	99.0	(165.6)
At end of the year	(2,623.3)	(2,635.6)	(1,415.0)	(1,286.6)	(8.4)	(8.5)	(1,907.4)	(1,437.6)	(2,260.9)	(2,378.8)	(769.9)	(643.3)	(192.2)	(289.4)	(9,177.1)	(8,679.8)

Deferred tax assets of the Company amounting to HK\$55.4 million (2013: 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\$16,198.2 million (2013: HK\$13,090.3 million) to carry forward for offsetting against future taxable income. These tax losses have no expiry dates except for the tax losses of HK\$2,875.6 million (2013: HK\$1,880.0 million) which will expire at various dates up to and including 2019 (2013: 2018).

29 Deferred taxation (continued)

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 2014, the aggregate amount of temporary differences associated with investments in subsidiaries and joint ventures for which deferred tax liabilities have not been recognised totalled approximately HK\$7.4 billion (2013: HK\$5.2 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	
	2014 HK\$m	2013 HK\$m
Retirement benefit assets	8.0	16.7
Long-term receivables (note (a))	56.8	112.6
Long-term prepayments and deposits	1,507.7	1,472.6
Prepayment for acquisition of a subsidiary (note (b))	–	1,267.7
Restricted bank deposits (note 36)	–	2.4
	1,572.5	2,872.0

Notes:

(a) Long-term receivables

	Group	
	2014 HK\$m	2013 HK\$m
Accounts receivable, net of provision	–	52.3
Other loans	61.0	66.5
	61.0	118.8
Amounts receivable within one year included in debtors and prepayments	(4.2)	(6.2)
	56.8	112.6

(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. As at 30 June 2013, NWDS has made payment of approximately HK\$1,217.1 million and recognised payable of approximately HK\$50.6 million in connection with such acquisition. The acquisition was completed on 30 July 2013.

31 Properties under development

The carrying value of properties under development is analysed as follows:

	Group	
	2014 HK\$m	2013 HK\$m
In Hong Kong		
Leases of over 50 years	6,505.1	8,914.0
Leases of between 10 to 50 years	20,353.8	16,131.1
Outside Hong Kong		
Freehold	330.6	239.3
Leases of over 50 years	12,558.7	11,842.9
Leases of between 10 to 50 years	8,965.2	8,761.0
	48,713.4	45,888.3

At 30 June 2014, the aggregate carrying value of properties under development pledged as securities for the Group's borrowings amounted to HK\$18,499.2 million (2013: HK\$17,482.5 million) (note 41).

	Group	
	2014 HK\$m	2013 HK\$m
Properties under development		
Expected to be completed and available for sale after more than 12 months	33,270.8	29,013.3
Expected to be completed and available for sale within 12 months	15,442.6	16,875.0
	48,713.4	45,888.3

32 Properties held for sale

The carrying value of properties held for sale is analysed as follows:

	Group		Company	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
In Hong Kong				
Leases of over 50 years	9.0	9.2	–	–
Leases of between 10 to 50 years	11,446.3	8,918.5	1,661.2	1,541.2
Outside Hong Kong				
Leases of over 50 years	5,298.0	5,936.0	–	–
Leases of between 10 to 50 years	3,513.4	1,159.7	–	–
	20,266.7	16,023.4	1,661.2	1,541.2

At 30 June 2014, there is no properties held for sale pledged as securities for the Group's borrowings (note 41).

33 Inventories

	Group	
	2014 HK\$m	2013 HK\$m
Raw materials	27.8	65.4
Work-in-progress	–	2.0
Finished goods	533.2	506.1
	561.0	573.5

34 Debtors and prepayments

	Group		Company	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
Trade debtors (note (a))	6,442.4	4,047.1	–	–
Amounts due from customers for contract works (note 37)	251.0	61.0	–	–
Retention receivable for contract works	717.6	309.4	–	–
Payment for purchase of land and land preparatory costs	5,019.0	8,650.6	–	–
Deposits, prepayments and other debtors	10,828.1	8,177.8	769.9	240.5
	23,258.1	21,245.9	769.9	240.5

34 Debtors and prepayments (continued)

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	
	2014 HK\$m	2013 HK\$m
Current to 30 days	3,751.6	2,183.5
31 to 60 days	731.1	316.6
Over 60 days	1,959.7	1,547.0
	6,442.4	4,047.1

There is no concentration of credit risk with respect to trade debtors as the customer bases are widely dispersed in different sectors and industries.

- (b) At 30 June 2014, trade debtors of HK\$2,881.1 million (2013: HK\$1,955.9 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	
	2014 HK\$m	2013 HK\$m
Current to 30 days	1,275.2	725.8
31 to 60 days	483.6	215.1
Over 60 days	1,122.3	1,015.0
	2,881.1	1,955.9

At 30 June 2014, trade debtors of HK\$35.0 million (2013: HK\$63.0 million) were impaired. The amount of the provision was HK\$34.8 million (2013: HK\$62.3 million). The aging analysis of these debtors is as follows:

	Group	
	2014 HK\$m	2013 HK\$m
Current to 30 days	0.7	0.2
31 to 60 days	1.2	0.5
Over 60 days	33.1	62.3
	35.0	63.0

34 Debtors and prepayments (continued)

Notes: (continued)

(c) Movements on the provision for impairment of trade debtors are as follows:

	Group	
	2014 HK\$m	2013 HK\$m
At beginning of the year	62.3	76.8
Translation differences	(1.1)	1.7
Increase in provision recognised in consolidated income statement	44.0	7.1
Amounts recovered	(1.9)	(11.3)
Amounts written off during the year	(68.5)	(12.0)
At end of the year	34.8	62.3

(d) The carrying amounts of the debtors and prepayments, which approximate to their fair values, are denominated in the following currencies:

	Group		Company	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
Renminbi	15,103.2	15,772.7	–	–
Hong Kong dollar	7,642.5	4,415.9	769.9	240.5
United States dollar	267.5	871.7	–	–
Macau Pataca	206.8	58.9	–	–
Others	38.1	126.7	–	–
	23,258.1	21,245.9	769.9	240.5

(e) Except for certain collaterals held as securities for other debtors, the Group does not hold other collateral as securities for the debtors and prepayments. 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	
	2014 HK\$m	2013 HK\$m
Non-current		
Unlisted equity securities, at fair value	428.9	216.9
Listed shares in Hong Kong, at market value	178.7	59.0
	607.6	275.9
Current		
Unlisted equity securities, at fair value	0.6	0.8
Total	608.2	276.7
Representing:		
Held for trading	179.3	59.8
Designated as financial assets at fair value through profit or loss	428.9	216.9
Total	608.2	276.7

The financial assets at fair value through profit or loss are denominated in the following currencies:

	Group	
	2014 HK\$m	2013 HK\$m
United States dollar	336.2	129.5
Hong Kong dollar	178.7	59.0
Renminbi	71.0	68.0
Others	22.3	20.2
	608.2	276.7

36 Cash and bank balances

	Group		Company	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
Cash at banks and on hand	28,128.7	17,081.9	1,623.7	308.2
Bank deposits – unrestricted	33,597.1	23,009.5	–	–
	61,725.8	40,091.4	1,623.7	308.2
Bank deposits – restricted	97.4	170.9	–	–
	61,823.2	40,262.3	1,623.7	308.2
Restricted bank deposits included in other non-current assets (note 30)	–	(2.4)	–	–
	61,823.2	40,259.9	1,623.7	308.2

The effective interest rates on bank deposits range from 0.001% to 4.41% (2013: 0.001% to 5.50%) per annum and these deposits have maturities ranging from 1 to 1,096 days (2013: 1 to 787 days).

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

	Group		Company	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
Hong Kong dollar	28,098.4	7,074.2	1,529.5	300.6
Renminbi	22,210.1	23,036.5	71.2	1.0
United States dollar	11,290.3	10,032.2	23.0	6.6
Others	224.4	119.4	–	–
	61,823.2	40,262.3	1,623.7	308.2

Restricted bank deposits are funds which are pledged to secure certain borrowings (note 41) and interest rate swaps.

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 works

	Group	
	2014 HK\$m	2013 HK\$m
Contract costs incurred plus attributable profits less foreseeable losses	19,766.0	12,354.6
Progress payments received and receivable	(20,268.8)	(12,445.0)
	(502.8)	(90.4)
Representing:		
Gross amounts due from customers for contract works (note 34)	251.0	61.0
Gross amounts due to customers for contract works (note 43)	(753.8)	(151.4)
	(502.8)	(90.4)

38 Non-current assets classified as assets held for sale

	Group	
	2014 HK\$m	2013 HK\$m
Listed securities		
Equity securities listed in Hong Kong	7.8	7.8
Unlisted equity securities (note (a))	–	743.6
Investment properties (note (b))	131.1	793.0
Interests in an associated company (note (c))	384.1	–
	523.0	1,544.4

Notes:

- (a) Pursuant to an agreement entered by NWSH on 25 February 2013 in relation to the establishment of a company with other major port operators in Xiamen which would involve the injection of the two port investments of NWSH in Xiamen – Xiamen New World Xiangyu Terminals Co., Ltd (“NWXY Terminal”) and Trend Wood Investments Limited (“Trend Wood”, which invested in Xiamen Haicang Xinhaida Container Terminals Co., Limited) in exchange for a 13.8% interest in the new company, the carrying values of NWXY Terminal and Trend Wood, thereafter, had been reclassified as assets held for sale as at 30 June 2013. The new company, namely Xiamen Container Terminal Group Co., Ltd. (“XCTG”), was legally established in December 2013 and a gain on deemed disposal of interests in joint ventures of HK\$594.3 million was recognised for the year ended 30 June 2014. The Group’s investment in XCTG was accounted for as an associated company as at 30 June 2014.
- (b) During the year, NWCL entered into an agreement to dispose of a portion of the investment properties in Tianjin Xin An New World Plaza to a third party at a consideration of RMB112.5 million (equivalent to HK\$142.4 million) and accordingly, the respective portion of the investment properties are classified as held for sale. The transactions are expected to be completed during the year ending 30 June 2015.
- (c) On 26 May 2014, a subsidiary of the Group entered into an agreement with a related party to dispose of all of its interests in an associated company for a consideration of approximately HK\$425.0 million. The transaction was completed in July 2014.

39 Share capital

	2014		2013	
	Number of shares (million)	HK\$m	Number of shares (million)	HK\$m
Authorised (note (a)):				
Shares of HK\$1.00 each (note (b))	–	–	10,000.0	10,000.0
Issued and fully paid:				
At beginning of the year	6,311.6	6,311.6	6,151.1	6,151.1
Issue of new shares as scrip dividends (note (c))	204.2	694.7	147.1	147.1
Issue of new shares upon exercise of share options	0.4	0.4	13.4	13.4
Transition to no par value regime on 3 March 2014 (note (d))	–	43,639.0	–	–
Issue of rights shares (note (e))	2,147.8	13,115.6	–	–
At end of the year	8,664.0	63,761.3	6,311.6	6,311.6

Notes:

- (a) Under the Hong Kong Companies Ordinance (Cap. 622), which commenced on 3 March 2014, the concept of authorised share capital no longer exists.
- (b) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.
- (c) During the year ended 30 June 2014, 131,422,824 and 72,806,431 new shares were issued by the Company at HK\$9.9446 and HK\$7.7368 per share respectively for the settlement of 2013 final scrip dividends and 2014 interim scrip dividends.
- (d) In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the share premium account and the capital redemption reserve have become part of the Company's share capital.
- (e) During the year ended 30 June 2014, 2,147,800,806 new shares were issued and allotted under the rights issue at the subscription price of HK\$6.20 each on the basis of one rights share for every three shares held by the shareholders on 31 March 2014.

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 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
Fair value changes of available-for-sale financial assets, net of taxation	-	-	-	(508.0)	-	-	-	-	-	(508.0)
Release of reserve upon disposal of available-for-sale financial assets	-	-	-	43.3	-	-	-	-	-	43.3
Release of investment revaluation deficit to the income statement upon impairment of available-for-sale financial assets	-	-	-	3.4	-	-	-	-	-	3.4
Redemption of convertible bond	-	-	-	-	-	-	(804.9)	-	804.9	-
Issue of new shares as scrip dividends	-	1,175.5	-	-	-	-	-	-	-	1,175.5
Issue of new shares upon exercise of share options	-	3.3	-	-	-	-	-	-	-	3.3
Employees' share-based payments	-	-	-	-	-	95.6	-	-	-	95.6
Share options lapsed	-	-	-	-	-	(147.2)	-	-	147.2	-
Acquisition of additional interests in subsidiaries	-	-	-	-	17.9	-	-	-	(3.8)	14.1
Release of reserve upon disposal of subsidiaries	-	-	-	-	-	-	-	(59.1)	-	(59.1)
Release of reserves upon deemed disposal of interests in joint ventures and disposal of interests in an associated company	-	-	-	-	4.5	-	-	(76.3)	-	(71.8)
Deemed disposal of interests in subsidiaries	-	-	-	-	-	-	-	-	(46.8)	(46.8)
Profit attributable to shareholders	-	-	-	-	-	-	-	-	9,725.4	9,725.4
Share of other comprehensive income of joint ventures and associated companies	-	-	-	3.8	9.7	-	-	(194.6)	(74.4)	(255.5)
Cash flow hedges	-	-	-	-	9.7	-	-	-	-	9.7
Remeasurement of post employment benefit obligation	-	-	-	-	-	-	-	-	(1.5)	(1.5)
Transfer of reserves	-	-	-	-	(84.5)	-	-	-	84.5	-
Revaluation of investment properties upon reclassification from property, plant and equipment, net of taxation	-	-	2.1	-	-	-	-	-	-	2.1
Translation differences	-	-	-	-	-	-	-	(596.0)	-	(596.0)
Transition to no par value regime on 3 March 2014 (note 39(d))	(37.7)	(43,601.3)	-	-	-	-	-	-	-	(43,639.0)
2013 final dividend paid	-	-	-	-	-	-	-	-	(1,893.5)	(1,893.5)
2014 interim dividend paid	-	-	-	-	-	-	-	-	(773.2)	(773.2)
At 30 June 2014	-	-	3,435.8	1,492.3	1,077.5	338.9	-	6,956.1	82,746.4	96,047.0
Representing:										
At 30 June 2014	-	-	3,435.8	1,492.3	1,077.5	338.9	-	6,956.1	80,146.9	93,447.5
2014 proposed final dividend	-	-	-	-	-	-	-	-	2,599.5	2,599.5
	-	-	3,435.8	1,492.3	1,077.5	338.9	-	6,956.1	82,746.4	96,047.0

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 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	-	-	-	(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 joint ventures 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

40 Reserves (continued)

Note:

Effect on transfer to the non-controlling interests of the Group for the year ended 30 June 2014:

	2014 HK\$m	2013 HK\$m
Total comprehensive income for the year attributable to the shareholders of the Company	8,292.0	16,112.9
Transfer to the non-controlling interests		
Acquisition of additional interests in subsidiaries	14.1	(30.7)
Deemed disposal of interests in subsidiaries	(46.8)	(29.4)
Net transfer to the non-controlling interests	(32.7)	(60.1)
Total comprehensive income for the year attributable to the shareholders of the Company and net transfer to the non-controlling interests	8,259.3	16,052.8

	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 2013	37.7	42,422.5	4.6	242.0	13,923.4	56,630.2
Issue of new shares as scrip dividends	-	1,175.5	-	-	-	1,175.5
Issue of new shares upon exercise of share options	-	3.3	-	-	-	3.3
Employees' share-based payment	-	-	-	85.6	-	85.6
Share options lapsed	-	-	-	(4.8)	4.8	-
Fair value changes of available-for-sale financial assets	-	-	(3.0)	-	-	(3.0)
Profit for the year	-	-	-	-	3,076.3	3,076.3
Transition to no par value regime on 3 March 2014 (note 39(d))	(37.7)	(43,601.3)	-	-	-	(43,639.0)
2013 final dividend paid	-	-	-	-	(1,893.5)	(1,893.5)
2014 interim dividend paid	-	-	-	-	(773.2)	(773.2)
At 30 June 2014	-	-	1.6	322.8	14,337.8	14,662.2
Representing:						
At 30 June 2014	-	-	1.6	322.8	11,738.3	12,062.7
2014 proposed final dividend	-	-	-	-	2,599.5	2,599.5
	-	-	1.6	322.8	14,337.8	14,662.2

40 Reserves (continued)

Note: (continued)

	Company					
	Capital redemption reserve	Share premium	Investment revaluation reserve	Employees' share-based compensation reserve	Retained profits	Total
	HK\$m	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 payment	–	–	–	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

41 Borrowings

	Group	
	2014 HK\$m	2013 HK\$m
Long-term borrowings		
Secured bank loans	29,205.2	28,061.0
Unsecured bank loans	48,308.2	38,962.0
Other secured loans	70.0	70.9
Other unsecured loans	125.5	126.6
Fixed rate bonds	31,878.6	20,726.7
Convertible bonds (note (b))	–	7,292.1
Loans from non-controlling shareholders (note (c))	2,127.8	1,881.5
	111,715.3	97,120.8
Current portion of long-term borrowings	(23,485.4)	(17,890.9)
	88,229.9	79,229.9
Short-term borrowings		
Secured bank loans	5,020.7	4,419.3
Unsecured bank loans	1,948.8	3,091.7
Other unsecured loans	5.0	5.0
Loans from non-controlling shareholders (note (c))	1,889.3	1,775.9
	8,863.8	9,291.9
Current portion of long-term borrowings	23,485.4	17,890.9
	32,349.2	27,182.8
Total borrowings	120,579.1	106,412.7

41 Borrowings (continued)

Notes:

- (a) Bank loans and fixed rate bonds are repayable as follows:

	Group			
	Bank loans		Fixed rate bonds	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
Within one year	23,714.8	18,109.8	6,544.9	–
In the second year	31,435.0	18,076.8	–	6,525.0
In the third to fifth year	25,998.1	35,097.0	7,572.8	7,544.2
After the fifth year	3,335.0	3,250.4	17,760.9	6,657.5
	84,482.9	74,534.0	31,878.6	20,726.7

- (b) Convertible bonds

	Group			
	Carrying amount		Fair value	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
Convertible bonds due June 2014	–	7,292.1	–	7,602.0

The Group redeemed the convertible bonds at 128.3716% of the principal amount of HK\$6,000 million on the maturity date on 4 June 2014.

- (c) Loans from non-controlling shareholders

The loans of HK\$247.8 million (2013: HK\$49.6 million) are unsecured and interest bearing at fixed rates of 5.0%-6.2% (2013: 5.0%) per annum. The remaining loans are unsecured and interest free. A total amount of HK\$2,127.8 million (2013: HK\$1,881.5 million) is not repayable within the next 12 months and the remaining balances have no specific repayment term.

41 Borrowings (continued)

Notes: (continued)

(d) Effective interest rates

	2014				2013			
	Hong Kong dollar	Renminbi	United States dollar	Others	Hong Kong dollar	Renminbi	United States dollar	Others
Bank loans	2.2%	6.4%	5.2%	0.8%	2.2%	6.5%	5.4%	3.3%
Fixed rate bonds	5.9%	6.6%	6.3%	–	5.4%	6.5%	6.8%	–
Loans from non-controlling shareholders	5.0%	6.2%	–	–	5.0%	–	–	–
Other secured loans	–	6.5%	–	–	–	6.5%	–	–
Other unsecured loans	2.7%	6.5%	–	–	3.0%	6.5%	–	–

(e) Carrying amounts and fair values of the borrowings

The fair value of the fixed rate bonds at the end of the reporting period is HK\$33,463.8 million (2013: HK\$21,993.5 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	
	2014 HK\$m	2013 HK\$m
Hong Kong dollar	73,884.2	66,719.1
Renminbi	33,891.1	26,955.4
United States dollar	12,753.8	12,614.5
Others	50.0	123.7
	120,579.1	106,412.7

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				
	Bank loans	Other loans	Loans from non-controlling shareholders	Fixed rate bonds	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
2014					
Within one to five year	84,245.4	200.5	196.3	14,117.7	98,759.9
After the fifth year	237.5	–	51.5	17,760.9	18,049.9
	84,482.9	200.5	247.8	31,878.6	116,809.8
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

42 Other non-current liabilities

	Group	
	2014 HK\$m	2013 HK\$m
Deferred income	129.6	133.4
Provision for long service payments	35.7	36.2
Long-term accounts payable	608.7	582.0
	774.0	751.6

43 Creditors and accrued charges

	Group		Company	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
Trade creditors (note (a))	9,395.5	9,730.8	–	–
Amounts due to customers for contract works (note 37)	753.8	151.4	–	–
Deposits received on sale of properties	6,127.5	10,185.6	–	–
Amounts due to joint ventures (note (b))	1,100.0	1,312.1	25.9	–
Amounts due to associated companies (note (b))	307.3	187.7	43.0	73.2
Other creditors and accrued charges	13,615.4	11,327.5	312.5	365.6
	31,299.5	32,895.1	381.4	438.8

Notes:

(a) Aging analysis of trade creditors is as follows:

	Group	
	2014 HK\$m	2013 HK\$m
Current to 30 days	7,301.1	7,365.7
31 to 60 days	751.5	1,202.3
Over 60 days	1,342.9	1,162.8
	9,395.5	9,730.8

(b) The amounts payable are interest free, unsecured and have no fixed terms of repayment.

43 Creditors and accrued charges (continued)

Notes: (Continued)

- (c) The carrying amounts of creditors and accrued charges, which approximate their fair values, are denominated in the following currencies:

	Group		Company	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
Renminbi	16,596.7	21,315.5	–	–
Hong Kong dollar	13,566.9	10,789.7	381.4	438.8
United States dollar	674.8	545.9	–	–
Macau Pataca	308.7	164.8	–	–
Others	152.4	79.2	–	–
	31,299.5	32,895.1	381.4	438.8

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 statements of financial position 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 instruments are categorised as financial liabilities at fair value through profit or loss and carried at fair value.

45 Commitments

(a) Capital commitments

	Group	
	2014 HK\$m	2013 HK\$m
Contracted but not provided for		
Property, plant and equipment	2,031.0	2,402.0
Investment properties	3,853.8	1,757.6
Intangible concession rights	22.7	9.3
An associated company	1,276.9	1,184.2
Joint ventures	248.9	276.7
Other investments	675.7	668.8
	8,109.0	6,298.6
Authorised but not contracted for		
Property, plant and equipment	580.2	451.1
Investment properties	147.0	–
Intangible concession rights	47.0	10.9
	774.2	462.0

The Group's share of capital commitments of the joint ventures not included above are as follows:

	Group	
	2014 HK\$m	2013 HK\$m
Contracted but not provided for	871.6	877.8
Authorised but not contracted for	479.0	696.3
	1,350.6	1,574.1

45 Commitments (continued)

(b) Commitments under operating leases

The future aggregate lease payments under non-cancellable operating leases are as follows:

	Group	
	2014 HK\$m	2013 HK\$m
Land and buildings		
In the first year	876.8	734.3
In the second to fifth year	3,367.7	3,082.0
After the fifth year	5,828.6	6,327.9
	10,073.1	10,144.2

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.

(c) Operating lease receivable

The future minimum rental receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
In the first year	1,865.5	1,521.6	9.6	8.7
In the second to fifth year	2,666.2	2,617.6	21.8	0.8
After the fifth year	687.6	802.7	–	–
	5,219.3	4,941.9	31.4	9.5

The Group's operating leases are for terms ranging from 1 to 10 years.

46 Financial guarantee and contingent liabilities

	Group		Company	
	2014 HK\$m	2013 HK\$m	2014 HK\$m	2013 HK\$m
(a) Financial guarantee contracts are as follows:				
Mortgage facilities for certain purchasers of properties	2,034.5	1,595.3	–	–
Guarantees for credit facilities granted to				
Subsidiaries	–	–	45,164.1	38,783.4
Joint ventures	4,466.7	5,119.0	713.0	3,001.0
Associated companies	20.0	22.0	–	–
A related company	64.7	101.7	–	–
Guarantee for convertible bonds issued by a subsidiary	–	–	–	6,000.0
Guarantee for fixed rate bonds issued by subsidiaries	–	–	17,896.0	6,657.5
Indemnity to non-wholly owned subsidiaries for Mainland China tax liabilities	1,666.2	1,784.1	5,518.1	5,908.8
	8,252.1	8,622.1	69,291.2	60,350.7
(b) Share of contingent liabilities not included above are as follows:				
Share of contingent liabilities of joint ventures	16.8	20.4	–	–

47 Notes to consolidated statement of cash flows

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

	2014 HK\$m	2013 HK\$m
Operating profit	16,823.1	19,286.7
Depreciation	1,342.9	997.3
Amortisation	930.1	883.1
Changes in fair value of investment properties	(1,425.5)	(7,460.8)
Write back of provision for loans and other receivables	(4.9)	(5.9)
Gain on deemed disposal of interests in subsidiaries	(31.4)	–
Gain on deemed disposal of interests in joint ventures	(594.3)	–
Gain on remeasuring previously held interest of joint ventures at fair value upon further acquisition to become subsidiaries	(67.3)	(11.9)
Net gain on fair value of financial assets at fair value through profit or loss	(105.6)	(126.2)
Net (gain)/loss on disposal of		
Associated companies	(1,749.4)	–
Assets held for sale	46.0	(59.8)
Available-for-sale financial assets	(198.2)	(143.6)
Financial assets at fair value through profit or loss	–	212.1
Joint ventures	(18.6)	–
Investment properties, property, plant and equipment and land use rights	(41.3)	(440.8)
Subsidiaries	(119.8)	–
Impairment loss on		
Available-for-sale financial assets	6.6	201.9
Intangible assets	125.9	–
Loans and other receivables	91.1	–
Property, plant and equipment	4.1	118.2
Dividend income from investments	(247.2)	(198.8)
Share options expenses	98.6	145.8
Net exchange loss/(gain)	344.1	(743.0)
Operating profit before working capital changes	15,209.0	12,654.3
Decrease in inventories	26.7	144.5
Increase in properties for/under development and held for sale	(1,752.0)	(7,968.8)
Increase in debtors and prepayments	(2,836.7)	(2,461.8)
(Decrease)/increase in creditors and accrued charges	(3,521.7)	6,106.6
Net cash generated from operations	7,125.3	8,474.8

47 Notes to consolidated statement of cash flows (continued)**(b) Acquisition of subsidiaries**

	2014 HK\$m	2013 HK\$m
Net assets acquired		
Investment properties	1,898.7	384.1
Land use rights	64.4	–
Property, plant and equipment	188.7	65.5
Intangible assets, other than goodwill	124.1	67.6
Properties for development	562.5	–
Properties held for sale	141.4	1.4
Inventories	5.8	1.2
Debtors and prepayments	201.2	495.8
Cash and bank balances	233.4	163.2
Creditors and accrued charges	(520.2)	(475.8)
Current tax payable	(82.5)	(15.8)
Deferred tax liabilities	(472.2)	–
Borrowings	(101.0)	(3.7)
Non-controlling interests	(0.3)	(162.1)
Net assets	2,244.0	521.4
Interests originally held by the Group as joint ventures	(372.0)	(271.1)
	1,872.0	250.3
Goodwill on acquisition	630.6	–
Gain on remeasuring previously held interest of joint ventures at fair value upon further acquisition to become subsidiaries	(67.3)	(11.9)
Consideration	2,435.3	238.4

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**

	2014 HK\$m	2013 HK\$m
Cash consideration	(2,435.3)	(238.4)
Cash and cash equivalents acquired	233.4	163.2
Consideration to be paid	15.0	–
Deposit paid in prior year included in other non-current assets	1,201.9	–
	(985.0)	(75.2)

(d) Disposal of subsidiaries

	2014 HK\$m	2013 HK\$m
Net assets disposed		
Properties, plant and equipment	36.2	–
Investment properties	41.0	–
Land use rights	10.0	–
Properties under development	139.5	–
Inventories	2.2	–
Debtors and prepayments	56.1	–
Cash and bank balances	236.0	–
Creditors and accrued charges	(54.2)	–
Net assets	466.8	–
Release of exchange reserve upon disposal	(86.8)	–
Net gain on disposal of subsidiaries	119.8	–
Consideration	499.8	–

(e) Analysis of net inflow of cash and cash equivalents in respect of disposal of subsidiaries

	2014 HK\$m	2013 HK\$m
Cash consideration	499.8	–
Cash and cash equivalents disposed	(236.0)	–
	263.8	–

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:

	2014 HK\$m	2013 HK\$m
Joint ventures		
Provision of construction work services (note (a))	834.6	508.0
Interest income (note (b))	137.3	195.1
Rental expenses (note (c))	262.3	306.9
	2014 HK\$m	2013 HK\$m
Related companies (note (l))		
Provision of construction work services (note (a))	428.5	130.9
Rental income (note (c))	171.4	162.8
Concessionaires commissions (note (d))	127.6	131.1
Hotel management services fee income (note (e))	78.9	39.7
Sales of goods, prepaid shopping cards and vouchers (note (f))	56.8	45.2
Purchase of goods (note (g))	79.8	9.9
Engineering and mechanical services (note (h))	987.9	–
Management fee expenses (note (h))	127.2	64.7
Accounts payable (note (i))	60.2	98.3

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) Rental income and expenses are charged in accordance with respective tenancy agreements.
- (d) The income is charged in accordance with concessionaire counter agreements with Chow Tai Fook Jewellery Group Limited ("CTFJ Group"). The commission is mainly calculated by pre-determined percentages of gross sales value in accordance with respective agreements.
- (e) The hotel management services fee income is charged in accordance with the terms of the respective management service agreements.
- (f) This represents the amounts received in respect of the sales of goods, prepaid shopping cards and vouchers to CTFJ Group.
- (g) This represents purchase of goods by means of presenting various cash equivalent gift coupons, gift cards and stored value shopping cards to CTFJ Group. Such fee is charged in accordance with the terms of the agreements.

48 Related party transactions (continued)

Notes: (Continued)

- (h) These related party transactions were mainly transactions with subsidiaries and joint ventures controlled/jointly controlled by Mr. Doo Wai-Hoi, William ("Mr. Doo"), Vice-chairman and Non-executive Director of the Company since 1 July 2013, and his associates (the "Service Group"). Transactions with the Service Group are conducted in accordance with relevant contracts.
- (i) The accounts payable are unsecured, interest free and are repayable on demand.
- (j) During the year ended 30 June 2014, the Group, through NWCL acquired a hotel management company from CTF Holdings Limited, a related company of the Group at the consideration of Euro13.5 million (equivalent to approximately HK\$144.8 million).
- (k) During the year ended 30 June 2014, the Group, through NWCL acquired remaining 57.46% interests in Dragon Fortune Limited ("Dragon Fortune") from other shareholders, of which Sun City Holdings Limited and Potassium Corp. are associates of Mr. Cheng Kar-Shing, Peter, Director of the Company and that Brinkley Holdings Limited is wholly owned by Mr. Cheng Kam-Chiu, Stewart, a relative of certain Directors of the Company for a consideration of HK\$245.0 million. Upon completion, Dragon Fortune became a subsidiary of the Group.
- (l) Related companies are subsidiaries and joint ventures of Chow Tai Fook Enterprises Limited, CTFJ Group and companies held by Mr. Doo.
- (m) The balances with joint ventures and associated companies are disclosed in notes 23, 24 and 43.
- (n) 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.

49 Business combination

(a) Acquisition of Hongxin Co

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. Hongxin Co owns and operates a shopping mall in Shanghai. The acquisition was completed on 30 July 2013.

The acquired business contributed revenue of HK\$84.8 million and profit of HK\$70.0 million to the Group for the period from 31 July 2013 to 30 June 2014. If the acquisition had occurred on 1 July 2013, the consolidated revenue of the Group would have been increased by HK\$5.5 million; consolidated profit for the year of the Group would have been increased by HK\$3.9 million. These amounts have been calculated using the Group's accounting policies.

49 Business combination (continued)**(a) Acquisition of Hongxin Co** (continued)

Detail of net assets acquired and goodwill were as follows:

	HK\$m
Purchase consideration – cash paid	1,582.3
Fair value of net assets acquired	(1,574.0)
Goodwill	8.3

The assets and liabilities arising from the acquisition were as follows:

	HK\$m
Investment property	1,898.7
Cash and bank balances	28.5
Creditors and accrued charges	(28.5)
Deferred tax liabilities	(324.7)
Fair value of net assets acquired	1,574.0

Analysis of the net cash outflow from the acquisition was as follows:

	HK\$m
Purchase consideration settled in cash	(1,582.3)
Cash and bank balances in a subsidiary acquired	28.5
Deposit paid in prior year included in other non-current assets	1,201.9
Cash outflow on acquisition	(351.9)

Goodwill is attributable to the anticipated profitability of the acquired business.

(b) Acquisition of Shanghai New World Huizi Department Store Co., Ltd.

In November 2013, the Group, through NWDS, acquired the entire equity interest in Shanghai New World Huizi Department Store Co., Ltd. ("Shanghai Huizi"), from independent third parties for an aggregate consideration of RMB280.0 million (equivalent to approximately HK\$354.4 million). Shanghai Huizi is a limited liability company incorporated in the PRC, which engaged in the operations of a department store in Shanghai. The acquisition was completed on 26 November 2013.

The acquired business contributed revenue of HK\$166.5 million and profit of HK\$59.5 million to the Group for the period from 27 November 2013 to 30 June 2014. If the acquisition had occurred on 1 July 2013, consolidated revenue of the Group would have been increased by HK\$85.3 million; consolidated profit for the year of the Group would have been increased by HK\$15.3 million. These amounts have been calculated using the Group's accounting policies.

49 Business combination (continued)**(b) Acquisition of Shanghai New World Huizi Department Store Co., Ltd.** (continued)

Details of net liabilities acquired and goodwill were as follows:

	HK\$m
Purchase consideration – cash paid	354.4
Fair value of net liabilities acquired	195.2
Goodwill	549.6

The assets and liabilities arising from the acquisition were as follows:

	HK\$m
Property, plant and equipment	14.7
Inventories	5.8
Debtors and prepayments	45.9
Deferred tax assets	31.7
Cash and bank balances	4.5
Creditors and accrued charges	(297.8)
Fair value of net liabilities acquired	(195.2)

Analysis of the net cash outflow from the acquisition was as follows:

	HK\$m
Purchase consideration settled in cash	(354.4)
Cash and bank balances in a subsidiary acquired	4.5
Cash outflow on acquisition	(349.9)

Goodwill is attributable to the anticipated profitability of the acquired business.

49 Business combination (continued)**(c) Acquisition of Dragon Fortune Limited**

In April 2014, the Group, through NWCL, acquired 57.46% interests in Dragon Fortune for a consideration of HK\$245.0 million. As a result, it became a wholly owned subsidiary of NWCL. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	HK\$m
Cash consideration paid	230.0
Consideration to be paid	15.0
Fair value of equity interest held in Dragon Fortune before the business combination	325.1
	570.1

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

	HK\$m
Property, plant and equipment	167.8
Land use rights	64.4
Properties for development	562.5
Properties held for sale	141.4
Debtors and prepayments	139.8
Cash and bank balances	9.0
Long-term borrowings	(101.0)
Deferred tax liabilities	(179.0)
Creditors and accrued charges	(152.1)
Deposits received on sale of properties	(1.1)
Current tax payable	(81.3)
Non-controlling interests	(0.3)
Total identifiable net assets	570.1

Since the date of acquisition, Dragon Fortune did not contribute any revenue and incurred loss of approximately HK\$6.5 million. If the acquisition had occurred on 1 July 2013, the consolidated revenue and profit for the year of the Group would be increased by HK\$299.8 million and decreased by HK\$54.6 million respectively.

The Group has benefitted from the appreciation in the fair value of the acquired net assets over the years. For the purpose of the business combination, the Group recognised a gain of HK\$67.3 million as a result of remeasuring at fair value of its equity interests held in Dragon Fortune before the business combination.

Acquisition-related costs of HK\$1.0 million have been charged to administrative and other operating expenses in the consolidated income statement for the year ended 30 June 2014.

The fair value of debtors and prepayments is HK\$139.8 million and included trade debtors with a fair value of HK\$109.1 million.

50 Event subsequent to year end

On 15 May 2014, Sino-French Holdings (Hong Kong) Limited (“SFH”, a 50% owned joint venture of NWSH) and a third party entered into a conditional share purchase agreement pursuant to which SFH agreed to sell 90% of the issued share capital in Sino-French Energy Development Company Limited (“SFED”) together with the assignment of the shareholder loans owed by SFED to SFH at the aggregate cash consideration of US\$612.0 million (equivalent to HK\$4,755.24 million) (the “Disposal”). SFED owns approximately 42.2% interest in Companhia de Electricidade de Macau – CEM, S.A. (“Macau Power”).

In connection with the Disposal, SFH has granted a put option (the “Option”) to King Class Limited (“KCL”, the 10% shareholder of SFED) to require SFH to purchase, through a special purpose vehicle, effectively 9% of the issued share capital in SFED and 90% shareholder loans owed by SFED to KCL within a period of around seven months after the completion of the Disposal.

The Disposal was completed on 15 July 2014. As at the date of this report, the Option has not been exercised by KCL and accordingly, SFH ceased to have any interest in SFED. The expected gain to be shared by NWSH for the year ending 30 June 2015 amounts to approximately HK\$1.5 billion.

51 Principal subsidiaries

As at 30 June 2014

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number of shares	Issued and paid up share capital HK\$	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong</i>					
Addlight Investments Limited	9,998	9,998	–	56	Property investment
	2 ¹	2	–	56	
Adwin Top Limited	2	2	–	100	Property investment
All Speed Investment Limited	2	2	100	100	Property investment
Anway Limited	1	1	–	61	Duty free operation and general trading
AOS Management Limited	2	2	–	100	Management services
Billion Huge (International) Limited	950,001	950,001	–	70	Investment holding
Billion Park Investment Limited	1,000,000	1,000,000	–	57	Investment holding
Billionable Investment Limited	4,998	4,998	–	61	Investment holding
	2 ¹	2	–	61	
Birkenshaw Limited	10,000	10,000	–	100	Property investment
Bounty Gain Limited	1	1	–	61	Investment holding
Bright Moon Company, Limited	100,000	1,000,000	75	75	Property investment
Calpella Limited	2	20	–	100	Property investment
Cheer Best Enterprises Limited	2	2	100	100	Property investment
Cheering Step Investments Limited	1	1	–	61	Investment holding

51 Principal subsidiaries (continued)

As at 30 June 2014

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number of shares	Issued and paid up share capital HK\$	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong (continued)</i>					
Cheong Sing Company Limited	10,000	10,000	100	100	Property investment
Cheong Yin Company Limited	30,000	3,000,000	100	100	Property investment
Chi Lam Investment Company Limited	7,000	700,000	100	100	Investment holding
CiF Solutions Limited	10	1,000	–	61	Provision of information technology solutions
	160,000 ¹	16,000,000	–	61	
Deluxe Sign Limited	1	1	100	100	Property development
Discovery Park Commercial Services Limited	2	2	–	100	Property management
DP Properties Limited	4,000	1,000	–	100	Property investment
Fook Hang Trading Company Limited	100	10,000	85	85	Property investment
Fook Hong Enterprises Company, Limited	10,000	1,000,000	100	100	Property investment
Fortune Kingdom Development Limited	2	2	100	100	Property development
Gold Queen Limited	5,000	5,000	100	100	Property investment
Grace Crystal Limited	1	1	–	61	Investment holding
Grace Sky Creation Limited	10,000	10,000	–	100	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	1,000	–	64	Hotel operation
	9,000 ²	9,000	–	100	
Happy Champion Limited	2	2	100	100	Investment holding
Head Step Limited	2	2	100	100	Hotel operation
Hip Hing Builders Company Limited	40,000	40,000,000	–	61	Construction
	10,000 ¹	10,000,000	–	61	
Hip Hing Construction Company Limited	400,000	40,000,000	–	61	Construction and civil engineering
	600,000 ¹	60,000,000	–	61	
Hip Hing Engineering Company Limited	2,000,000	200,000,000	–	61	Building construction
Hip Seng Construction Company Limited	1	1	–	61	Construction

51 Principal subsidiaries (continued)

As at 30 June 2014

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number of shares	Issued and paid up share capital HK\$	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong (continued)</i>					
Hong Kong Convention and Exhibition Centre (Management) Limited	3	3	–	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	167,000,000	6	100	Property investment
Hong Kong Jing-Guang Development Limited	100,000	1,000,000	–	52	Investment holding
Honour Shares Limited	100	100	–	100	Investment holding
Howah Development Limited	2	2	100	100	Property development
Istaron Limited	4	4	–	64	Investment holding
Jade Gain Enterprises Limited	100	100	–	70	Property investment
Joint Profit Limited	2	2	100	100	Property investment
Joint View International Limited	1	1	–	100	Property development
Jumbo Time Development Limited	1,000	1,000	–	80	Investment holding
Kamking Limited	2	2	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	10,000,000	100	100	Investment holding
King Lee Investment Company Limited	300	300,000	100	100	Investment holding
Kiu Lok Property Services (China) Limited	2	2	–	61	Property agency management and consultancy
	2 ¹	2	–	61	
La Tune Limited	2	200	–	100	Property investment

51 Principal subsidiaries (continued)

As at 30 June 2014

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number of shares	Issued and paid up share capital HK\$	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong (continued)</i>					
Land Source Investment Limited	2	2	100	100	Property development
Lingal Limited	1,800	1,800	–	70	Investment holding
	200 ¹	200	–	–	
Legarleon Finance Limited	4,400,000	44,000,000	–	100	Financing
Loyalton Limited	2	20	–	100	Property investment
Macdonnell Hostel Company Limited	2	2	100	100	Hostel operation
Magic Sign Limited	2	2	–	100	Property development
Million World Development Limited	100	100	100	100	Property investment
New Advent Limited	1	1	–	100	Property investment
New World China Enterprises Projects Limited	2	2	–	100	Project management
New World Construction Company Limited	1	1	–	61	Construction
New World Department Store (Investment) Limited	3	410,045,794	–	72	Investment holding
New World Department Stores Limited	2	2	–	72	Provision of management services to department stores
New World Development (China) Limited	2	2	–	70	Investment holding
	2 ¹	2	100	100	
New World Finance Company Limited	200,000	20,000,000	100	100	Financial services
New World-Guangdong Highway Investments Co. Limited	100	10,000	–	61	Investment holding
	100 ¹	10,000	–	65	
New World Harbourview Hotel Company Limited	1,000	1,000	–	64	Hotel operation
	9,000 ²	9,000	–	100	
New World Hotel Management Limited	1	1	–	70	Hotel management
New World Hotels (Holdings) Limited	576,000,000	510,795,731	–	64	Investment holding
New World Loyalty Programme Limited	1	1	100	100	Loyalty programme
New World Nominee Limited	2	200	100	100	Nominee services
New World Port Investments Limited	2	2	–	61	Investment holding
New World Property Management Company Limited	1	1	100	100	Property management
New World Real Estate Agency Limited	2	2	100	100	Estate agency

51 Principal subsidiaries (continued)

As at 30 June 2014

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number of shares	Issued and paid up share capital HK\$	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong</i>					
<i>(continued)</i>					
New World Telecommunications Limited	9,999,998	9,999,998	–	100	Telecommunication services
	2 ¹	2	–	100	
New World Telephone Holdings Limited	200	200	100	100	Investment holding
New World Tower Company Limited	2	20	–	100	Property investment
New World (Xiamen) Port Investments Limited	2	2	–	61	Investment holding
NW Project Management (HK) Limited	1	1	–	100	Project management
NW Project Management Limited	2	2	–	100	Project management
NWS (Finance) Limited	2	2	–	61	Financial services
NWS Holdings (China) Limited	1,501	171,369,817	–	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 Investments Limited	1	1	–	100	Property investment
Pacific Great Investment Limited	50,000,000	50,000,000	–	70	Investment holding
Paterson Plaza Properties Limited	10,000	10,000	–	100	Property investment
Pearls Limited	100	100	–	92	Property development
Peterson Investment Company Limited	10,000	10,000	100	100	Property investment
Polytown Company Limited	2	20	–	61	Property investment, operation, marketing, promotion and management of HKCEC
	100,000 ¹	1,000,000	–	61	
Polyworth Limited	10	10	–	92	Property development
Pontiff Company Limited	10,000,000	10,000,000	–	100	Property investment
Power Estate Investments Limited	1	1	–	100	Property investment
Pridemax Limited	2	2	–	100	Property investment
Profit Now Limited	1	1	–	61	Investment holding
Queen's Land Investment Limited	1,000	1,000	–	100	Property development
Realray Investments Limited	2	2	100	100	Property investment
Regent Star Investment Limited	1,000	1,000	–	100	Property development
Richglows Limited	2	2	–	100	Property investment

51 Principal subsidiaries (continued)

As at 30 June 2014

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number of shares	Issued and paid up share capital HK\$	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong (continued)</i>					
Rosewood Hotels and Resorts (Asia Pacific) Limited	1	1	–	70	Hotel management
Silver Rich Holdings Limited	2	2	–	85	Property investment
Sky Connection Limited	100	100	–	61	Duty free liquor and tobacco sales
Speed Star Development Limited	2	2	100	100	Property investment
Spring Yield Investments Limited	1	1	–	100	Property investment
Super Memory Limited	2	2	–	100	Property investment
Super Value Development Limited	10,000	10,000	90	100	Property investment
Tao Yun Company Limited	2	20	–	100	Property investment
Top Flash Investments Limited	10,000	10,000	90	100	Property investment
True Hope Investment Limited	4,998	4,998	–	61	Investment holding
	2 ¹	2	–	61	
Try Force Limited	4,998	4,998	–	61	Investment holding
	2 ¹	2	–	61	
Twinc International Limited	1	1	–	61	Investment holding
Ultimate Vantage Limited	100	100	–	80	Property development
Urban Parking Limited	10,000,000	10,000,000	–	61	Carpark management
Vibro Construction Company Limited	1,630,000	163,000,000	–	61	Civil engineering
	20,000 ¹	2,000,000	–	61	
Vibro (H.K.) Limited	20,000,004	60,328,449	–	61	Piling, ground investigation and civil engineering
Waking Builders, Limited	20,000	20,000,000	–	61	Construction
Waygent Investment Limited	2	2	100	100	Property investment
Winpo Development Limited	2	2	100	100	Property investment
Wisemec Enterprises Limited	2	2	–	61	Investment holding
World Empire Property Limited	2	2	100	100	Property investment

51 Principal subsidiaries (continued)

As at 30 June 2014

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number of shares	Par value per share	To the Company	To the Group	
<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	8,683,350,475	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

	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 Huamei Real Estate Development Co., Ltd.	RMB748,000,000	–	53	Property development
Beijing New World Liying Department Store Co., Ltd.	RMB18,000,000	–	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

51 Principal subsidiaries (continued)

As at 30 June 2014

	Registered/ fully paid capital	Attributable interest ^a (%)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operate in the PRC</i> (continued)				
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\$197,324,700	–	70	Property investment, development and hotel operation
Fortune Leader Overseas Chinese (Daiyawan) Investment Co. Ltd.	US\$16,950,000	–	70	Golf club and resort operation
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co. Ltd.	US\$20,820,000	–	70	Property development
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
Guangdong Xin Chuan Co., Ltd.	RMB714,853,600	–	61	Investment holding
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

51 Principal subsidiaries (continued)

As at 30 June 2014

	Registered/ fully paid capital	Attributable interest ^a (%)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operate in the PRC</i> (continued)				
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\$180,000,000	–	70	Property development
Guangzhou Xin Yi Development Limited	HK\$286,000,000	–	63	Property investment and development
Guangzhou Yibo Real Estate Development Co., Ltd.	RMB392,500,000	–	70	Property development
Guiyang New World Real Estate Co., Ltd.	US\$271,350,000	–	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
Hunan Fortune Lake Property Development Co., Ltd.	RMB55,800,000	–	70	Property development
Hunan Success New Century Investment Company Limited	RMB680,000,000	–	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	RMB500,006	–	100	Business services

51 Principal subsidiaries (continued)

As at 30 June 2014

	Registered/ fully paid capital	Attributable interest ^a (%)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operate in the PRC</i> (continued)				
K11 Concepts (Beijing) Limited	RMB8,040,734	–	100	Business consultancy
K11 Concepts (Shanghai) Limited	RMB8,054,004	–	100	Business consultancy
Langfang New World Properties Development Co., Ltd.	US\$124,300,000	–	70	Property development
Langfang Xin Zhong Properties Development Co., Ltd.	US\$38,200,000	–	70	Property development
Lanzhou New World Department Store Co., Ltd.	RMB30,000,000	–	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\$505,000,000	–	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\$149,927,000	–	72	Investment holding
New World Development (Wuhan) Limited	US\$112,000,000	–	70	Property investment and development
New World Goodtrade (Wuhan) Limited	US\$188,000,000	–	70	Property investment and development
New World (Shenyang) Property Development Limited	RMB4,535,360,500	–	70	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
PRC Art Collection Company Limited	RMB500,000	–	100	Sales and leasing of arts and crafts collection (excluding artifacts)

51 Principal subsidiaries (continued)

As at 30 June 2014

	Registered/ fully paid capital	Attributable interest ^a (%)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operate in the PRC</i> (continued)				
Rosewood Hotels and Resorts (Shanghai) Limited (Formerly: New World Hotel Management (Shanghai) Ltd.)	RMB500,000	–	70	Hotel management consultancy services
Shanghai Art Store Company Limited	RMB2,000,000	–	100	Arts derivatives operation
Shanghai New World Caixuan Department Store Co., Ltd.	RMB30,000,000	–	72	Department store operation
Shanghai New World Caizi Department Store Co., Ltd.	RMB50,000,000	–	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 Huiyan Department Store Co., Ltd.	RMB85,000,000	–	72	Property investment and shopping mall operation
Shanghai New World Huiying Department Store Co., Ltd.	HK\$50,000,000	–	72	Department store operation
Shanghai New World Huizi Department Store Co., Ltd.	RMB5,000,000	–	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	Property investment and department store operation
Shenyang New World Xin Hui Properties 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

51 Principal subsidiaries (continued)

As at 30 June 2014

	Registered/ fully paid capital	Attributable interest ^a (%)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operate in the PRC</i> (continued)				
Tang Shan New World Property Development Co., Ltd.	US\$97,000,000	–	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 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 Department Store Co., Ltd.	US\$15,630,000	–	72	Property investment and 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
Xiamen NWS Management Consultancy Limited (Formerly: Xiamen New World Xiangyu Warehouse & Processing Zone Limited)	US\$500,000	–	61	Management consultation
Xi'an New World Department Store Co., Ltd.	RMB40,000,000	–	72	Department store operation
Yancheng New World Department Store Co., Ltd.	HK\$95,000,000	–	72	Department store operation
Yantai New World Department Store Co., Ltd.	RMB80,000,000	–	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

51 Principal subsidiaries (continued)

As at 30 June 2014

	Registered/ fully paid capital	Attributable interest ^o (%)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operate in the PRC (continued)</i>				
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
<i>Incorporated and operates in Germany</i>				
Penta Hotels Germany GmbH	EUR25,000	–	70	Hotel management

^o Profit or cash sharing percentage was adopted for certain PRC entities

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number of shares	Par value per share	To the Company	To the Group	
<i>Incorporated in Bermuda and operates in Hong Kong</i>					
NWS Holdings Limited	3,741,915,242	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
Dragon Fortune Limited	57,895	US\$1	–	70	Investment holding
Eagle Eyes Developments 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
Fortland Ventures Limited	1	US\$1	–	61	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

51 Principal subsidiaries (continued)

As at 30 June 2014

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number of shares	Par value per share	To the Company	To the Group	
<i>Incorporated in the British Virgin Islands</i>					
<i>(continued)</i>					
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
Kee Shing Investments Limited	1,000	US\$1	–	100	Investment holding
Long York Limited	1	US\$1	–	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 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
NWS CON Limited	1	HK\$1	–	61	Investment holding
NWS Construction Limited	190,000	US\$0.1	–	61	Investment holding
	8,825 ^R	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
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
Penta Hotel Holdings Limited	1,000	US\$1	–	70	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
Rosewood Hotels and Resorts Holdings Limited	1	US\$1	–	70	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
Tisso Investment Limited	1	US\$1	–	80	Investment holding
True Blue Developments Limited	1	US\$1	–	70	Investment holding
Twin Glory Investments Limited	1	US\$1	–	70	Investment holding

51 Principal subsidiaries (continued)

As at 30 June 2014

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number of shares	Par value per share	To the Company	To the Group	
<i>Incorporated in the British Virgin Islands (continued)</i>					
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	1	US\$1	–	61	Investment holding
China Sincere Limited	1	–	–	72	Financing
Citiplus Investment Limited	1	US\$1	100	100	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 Capital Finance Limited	1	US\$1	100	100	Bond issuer
New World Strategic Investment Limited	1	US\$1	100	100	Investment holding
NWD (MTN) Limited	1	US\$1	100	100	Bond issuer
NWD Treasury Limited	1	US\$1	100	100	Financing
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
Park New Astor Hotel Limited	101	US\$1	–	100	Property investment
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

^R Redeemable, non-convertible and non-voting preference shares

52 Principal joint ventures

As at 30 June 2014

	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 terminals and related business
Chongqing Suyu Business Development Company Limited	RMB650,000,000	–	31	Investment holding
Guangzhou Development Nansha Power Co., Ltd.	RMB450,000,000	–	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
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 & hotel operation
Beijing Chong Yu Real Estate Development Co., Ltd.	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
Tianjin Xinzhan Expressway Co., Ltd.	RMB2,539,100,000	–	37 [®]	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

52 Principal joint ventures (continued)

As at 30 June 2014

	Registered/ fully paid capital	Attributable interest ^① (%)		Principal activities
		To the Company	To the Group	
Wholly foreign owned enterprises				
<i>Incorporated and operate in the PRC</i>				
Guangzhou Bosson Real Estate Co., Ltd.	US\$50,003,000	–	44	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	–	44	Property development
Ningbo Xin Li Real Estate Co. Ltd.	US\$802,335,000	–	34	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

^① Percentage of equity interest, in the case of equity joint ventures or profit sharing percentage, in the case of co-operative joint ventures

^② Represented cash sharing ratio

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number of shares	Issued and paid up share capital HK\$	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	100,000	–	34 ^②	Operation of cargo handling and storage facilities
	20,000 ^B ²	20,000	–	49	
	54,918 ¹	54,918	100	100	
ATL Logistics Centre Yantian Limited	10,000	10,000	–	28	Investment holding
Austin Project Management Limited	1,000,000	1,000,000	–	50	Project management
China Aerospace New World Technology Limited	30,000,000	165,000,000	–	50	Investment holding
Direct Profit Development Limited	200,000	10,000	–	15	Property investment
Eminent Elite Limited	1	1	–	34	Investment holding
Far East Landfill Technologies Limited	1,000,000	1,000,000	–	29	Landfill
Fast New Limited	1,000,000	1,000,000	–	50	Property development
First Star Development Limited	100	100	–	31	Property development
Gloryland Limited	900	900	–	33	Property investment
Golden Kent International Limited	1	1	–	40	Property development
Grace Sign Limited	1,000	1,000	–	30	Property investment

52 Principal joint ventures (continued)

As at 30 June 2014

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number of shares	Issued and paid up share capital HK\$	To the Company	To the Group	
Companies limited by shares (continued)					
<i>Incorporated and operate in Hong Kong (continued)</i>					
NWS Infrastructure SITA Waste Services Limited	2	2	–	31	Investment holding
Super Lion Enterprises Limited	2	2	50	50	Property investment
Supertime Holdings Limited	100	100	–	31	Property development
Tate's Cairn Tunnel Investment Holdings Company Limited	1,100,000	1,100,000	–	18	Investment holding
Wincon International Limited	300,000,000	300,000,000	–	31	Investment holding
Wise Come Development Limited	30	30	–	40	Property investment

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number of shares	Par value per share	To the Company	To the Group	
Companies limited by shares (continued)					
<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
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	–	55 ^a	Investment holding
<i>Incorporated and operates in the Netherlands</i>					
Hyva I B.V.	19,000	EUR1	–	31	Manufacturing and supply of components used in hydraulic loading and unloading systems

52 Principal joint ventures (continued)

As at 30 June 2014

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number of shares	Issued and paid up share capital HK\$	To the Company	To the Group	
Companies limited by shares					
(continued)					
<i>Incorporated in Hong Kong and operates in Hong Kong, Macau and Mainland China</i>					
Sino-French Holdings (Hong Kong) Limited	3,748,680 ^{A'}	374,868,000	–	–	Investment holding, operation of water and electricity plants
	7,209,000 ^{B'}	720,900,000	–	61	
	3,460,320 ^{C'}	346,032,000	–	–	

Represented ordinary share capital, unless otherwise stated

¹ Non-voting deferred shares

² 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 joint ventures

53 Principal associated companies

As at 30 June 2014

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number of shares	Issued and paid up share capital HK\$	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong</i>					
Ever Light Limited	1,000	1,000	40	40	Property investment
GHK Hospital Limited	10	10	–	25	Healthcare
Global Perfect Development Limited	1,000,000	1,000,000	–	35	Investment holding
Joy Fortune Investments Limited	10,000	10,000	–	31	Investment holding
Pure Jade Limited	1,000,000	1,000,000	–	20	Property investment
Quon Hing Concrete Company Limited	200,000	20,000,000	–	31	Production and sales of ready-mixed concrete
Ranex Investments Limited	100	100	–	10 [^]	Property investment
Shun Tak Centre Limited	1,000 ^{A'}	100,000	–	29	Property investment
	450 ^{B'}	4,500	–	64	
	550 ^{C'}	5,500	–	–	

53 Principal associated companies (continued)

As at 30 June 2014

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number of shares	Par value per share	To the Company	To the Group	
<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>					
Haitong International Securities Group Limited	2,093,939,436	HK\$0.1	–	4 [^]	Investment holding
Wai Kee Holdings Limited	793,124,034	HK\$0.1	–	17	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 concentrates; and mining, processing and sale of gabbro-diabase products
	Registered/ fully paid capital	Attributable interest ¹ (%)		Principal activities	
		To the Company	To the Group		
<i>Incorporated and operate in the PRC</i>					
Beijing Capital International Airport Co., Ltd.	RMB2,451,526,000 ^P	–	–	–	Operation of an international airport
	RMB1,879,364,000 ^H	–	–	15	
Chongqing Silian Optoelectronics Science And Technology Co., Ltd.	RMB500,000,000	–	–	12	Manufacturing and sale of sapphire substrate and wafer, 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
Xiamen Container Terminal Group Co., Ltd.	RMB2,436,604,228	–	–	8 [^]	Operation of container terminals
Zhaoqing Yuezhao Expressway Co., Ltd.	RMB818,300,000	–	–	15	Operation of toll road

53 Principal associated companies (continued)

As at 30 June 2014

- # Represented ordinary share capital, unless otherwise stated
- 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 these companies through its representatives on the board of directors of each of these companies
- ⊗ The Directors of the Company considered the Group has significant influence over these companies through its representative on each of these companies' investment committees which governs the daily financial, operational and investment decisions
- ᵀ Domestic Shares
- ᵀ H Shares

FIVE-YEAR FINANCIAL SUMMARY

For the year ended 30 June 2014

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June

	2014 HK\$m	2013 HK\$m	2012 HK\$m	2011 HK\$m	2010 HK\$m
Revenues	56,501.1	46,779.9	35,620.1	32,882.0	30,218.6
Operating profit	16,823.1	19,286.7	16,115.0	12,285.7	13,683.7
Net financing costs	(843.6)	(695.2)	(513.5)	(465.9)	(338.4)
Share of results of joint ventures and associated companies	3,096.5	4,719.7	3,120.1	3,758.0	4,226.7
Profit before taxation	19,076.0	23,311.2	18,721.6	15,577.8	17,572.0
Taxation	(5,738.2)	(4,794.8)	(4,400.5)	(2,833.8)	(1,904.3)
Profit for the year	13,337.8	18,516.4	14,321.1	12,744.0	15,667.7
Non-controlling interests	(3,612.4)	(4,367.7)	(4,182.1)	(3,590.1)	(3,269.1)
Profit attributable to shareholders of the Company	9,725.4	14,148.7	10,139.0	9,153.9	12,398.6
Dividends per share (HK\$)					
Interim	0.12	0.12	0.10	0.10	0.10
Final	0.30	0.30	0.28	0.28	0.28
Full year	0.42	0.42	0.38	0.38	0.38
Earnings per share (HK\$)					
		(Adjusted)		(Adjusted)	
Basic	1.37	2.14	1.88	2.10	3.19
Diluted	1.37	2.10	1.85	2.04	3.07

Earnings per share for the year ended 30 June 2010 has 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.

Earnings per share for the years ended 30 June 2010, 2011 and 2012 have not been adjusted to reflect the effect of rights issue of the Company during the year ended 30 June 2014.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June

	2014 HK\$m	2013 HK\$m	2012 HK\$m	2011 HK\$m	2010 HK\$m
Assets					
Investment properties, property, plant and equipment and land use rights and intangible concession rights	113,634.5	105,762.3	92,014.1	66,808.7	53,519.0
Intangible assets	4,662.5	4,139.3	4,120.9	1,754.7	1,490.1
Investments in joint ventures, associated companies and other non-current assets	95,739.3	96,148.5	84,543.1	77,322.0	65,247.3
Current assets	155,191.1	126,139.0	105,693.6	83,230.0	79,723.7
Total assets	369,227.4	332,189.1	286,371.7	229,115.4	199,980.1
Equity					
Share capital	63,761.3	6,311.6	6,151.1	3,990.1	3,918.0
Reserves	93,447.5	130,925.5	115,669.0	98,673.1	84,377.5
Proposed final dividend	2,599.5	1,893.5	1,722.8	1,117.2	1,097.0
Shareholders' funds	159,808.3	139,130.6	123,542.9	103,780.4	89,392.5
Non-controlling interests	40,468.2	38,614.4	34,497.8	30,588.2	25,493.8
Total equity	200,276.5	177,745.0	158,040.7	134,368.6	114,886.3
Current liabilities	70,070.5	65,146.8	50,691.2	49,864.6	40,806.9
Non-current liabilities	98,880.4	89,297.3	77,639.8	44,882.2	44,286.9
Total equity and liabilities	369,227.4	332,189.1	286,371.7	229,115.4	199,980.1

GLOSSARY OF TERMS

General Terms

EUR or Euro	Euro, the official currency of the Euro-area
FY	Fiscal year, 1 July to 30 June
Group	NWD 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
New World or NWD or Company	New World Development Company Limited (新世界發展有限公司)
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
JV	Joint venture
WFOE	Wholly foreign owned enterprise

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

Chinese Version

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

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New World Development Company Limited takes every practicable measure to conserve resources and minimise waste.



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