



REVIVING CULTURAL HERITAGE

Interim Report 2014 / 2015



New World China Land Limited

(Stock Code: 00917)

CONTENTS

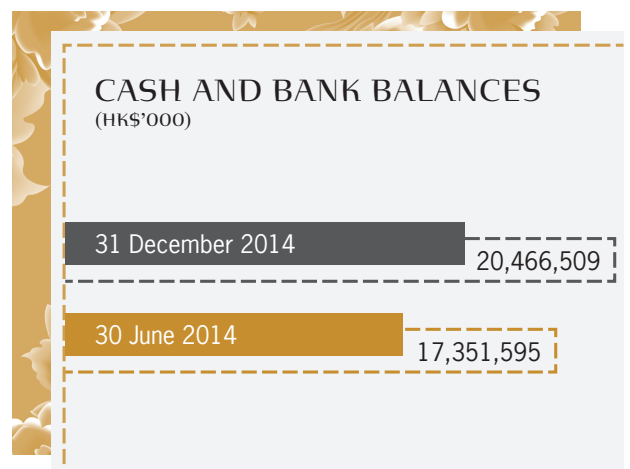
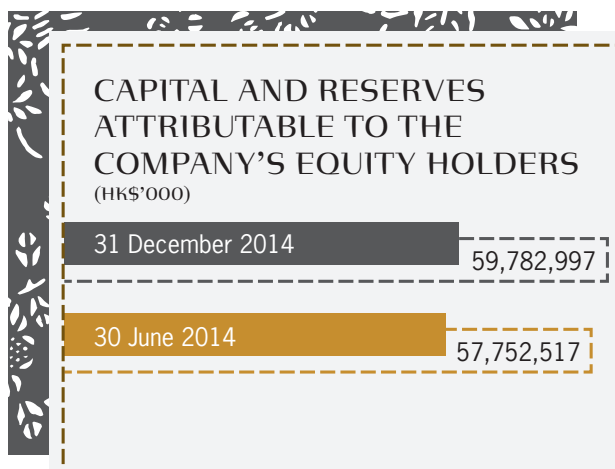
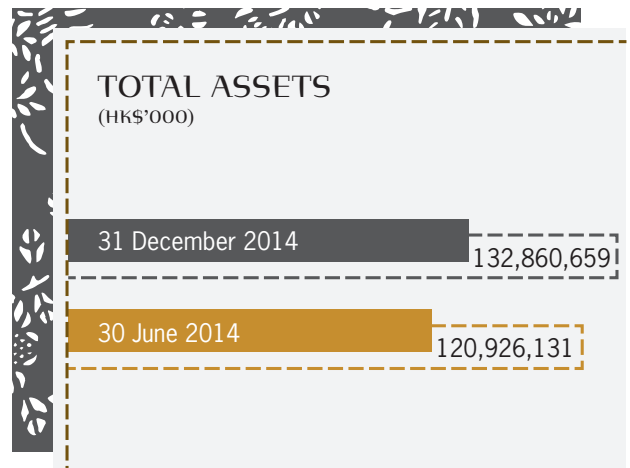
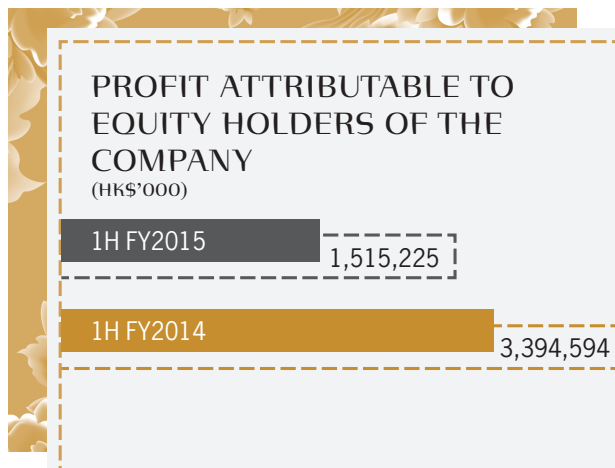
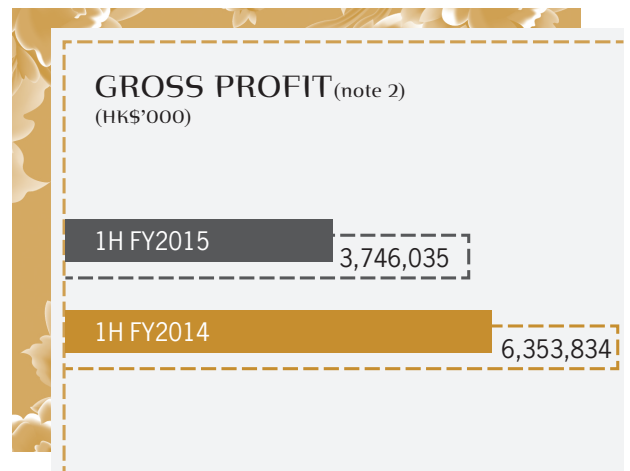
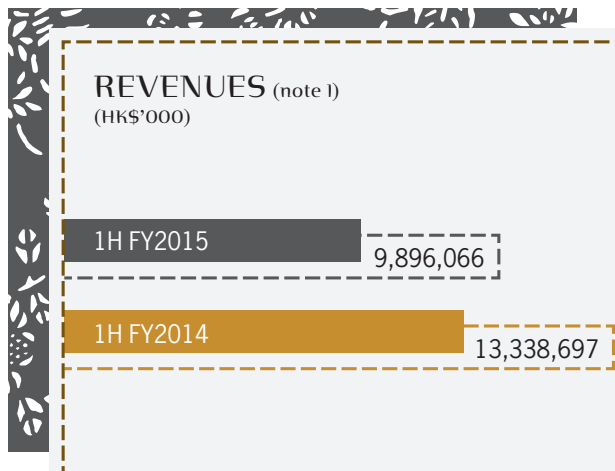
Financial Highlights	2
Chairman's Statement	4
Management Discussion and Analysis	6
Independent Auditor's Review Report	15
Condensed Consolidated Income Statement	16
Condensed Consolidated Statement of Comprehensive Income	17
Condensed Consolidated Statement of Financial Position	18
Condensed Consolidated Cash Flow Statement	20
Condensed Consolidated Statement of Changes in Equity	21
Notes to the Interim Financial Statements	22
Other Information	41
Corporate Information	52

FINANCIAL HIGHLIGHTS

Operating Result (HK\$'000)	6 months ended 31 December	
	2014	2013
Revenues		
Company and subsidiaries	8,698,793	11,884,427
Share of associated companies and joint ventures (note 1)	1,197,273	1,454,270
	9,896,066	13,338,697
Representing:		
Sale of properties	8,004,954	11,633,269
Rental income	666,976	610,627
Income from hotel operation	297,729	252,562
Property management services fee income	320,317	265,624
Hotel management services fee income	264,620	239,701
Contracting services income	341,470	336,914
	9,896,066	13,338,697
Gross Profit		
Company and subsidiaries	3,122,150	5,583,415
Share of associated companies and joint ventures (note 2)	623,885	770,419
	3,746,035	6,353,834
Profit attributable to equity holders of the Company	1,515,225	3,394,594
Earnings per share (HK cents)		
Basic	17.45	39.16
Diluted	17.43	39.14
Interim dividend per share (HK cents)	—	4.00
	As at	As at
	31 December	30 June
Financial Position (HK\$'million)	2014	2014
Cash and bank balances	20,466.5	17,351.6
Total assets	132,860.7	120,926.1
Total liabilities	69,446.6	59,607.5
Capital and reserves attributable to the Company's equity holders	59,783.0	57,752.5
Financial Ratios		
Current ratio (times)	1.90	1.89
Net debt to equity ratio	43.0%	36.0%

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

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



Note 1: It represents revenues of the Company and subsidiaries plus share of revenues of associated companies and joint ventures attributable to the Group as tabulated on page 2.

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

CHAIRMAN'S STATEMENT

To Our Shareholders,

In the first half of FY2015, NWCL recorded a profit attributable to equity holders of the Company of HK\$1,515 million, representing a year-on-year decrease of 55%. GFA sold through its property sales operation reached 498,471 sq m with gross sales proceeds registered at approximately RMB6,786 million. Overall gross profit margin for property sales decreased by 10.5% to 40.4%.

During the period under review, the US economy continued to show improvement while the European and Japanese economies remained slackened. As the US economic growth stabilised during the second half of 2014, the third round of quantitative easing policy, which had been on-going for more than two years, came to an end as expected at the end of October. On the other hand, under a series of loose fiscal and monetary policies, the economies of Europe and Japan remained weak with no signs of rebound. As a result, the European Central Bank decided to purchase 60 billion Euros' worth of bonds on a monthly basis for 19 months commencing from March 2015, in the hope of alleviating deflationary pressure within the Union and jolting the anemic economies.

In respect of Mainland China, its economic growth maintained at a steadily rapid pace in general. In 2014, Mainland China's consumption and exports maintained a steady growth, whilst the growth rate of fixed assets investment had slowed down. With the support from the Central Government's growth-maintaining policies, infrastructure investment maintained a relatively rapid growth. However, under the impact of market adjustment, the value growth of real estate investment declined substantially. Moreover, due to production surplus, high financing cost and the continual drop in the ex-factory price of industrial products, investment in the manufacturing industry had experienced a significant slowdown.

During the whole year of 2014, Mainland China's economic growth rate was 7.4%, which was albeit slower than 7.7% in 2013, was still operating within a reasonable range. Employment condition replaced economic growth rate to become the main focus of the Central Government. In the first three quarters of 2014, 10.66 million new jobs were created in urbanised areas of Mainland China, achieving in advance the annual target of 9 million people in such areas getting employed. At the Asia-Pacific Economic Cooperation meeting held in November, President Xi Jinping set forth the "new norm" of economic development, which was mainly about the shift from high gear economic growth to medium-to-high gear growth, the continual up-grades and optimisation of economic structure, the increasing prominence of tertiary industry and consumer needs as the core of economy, the gradually narrowing gap between urban and rural areas, the rising proportion of household income, a larger portion of the population enjoying the fruition of development, and the shift from a production- and investment-driven economy to an innovation-driven economy. At the Central Economic Work Conference held in December, the Central Government laid out extensively the main features of the "new norm" of economic development, foreshadowing the basic principles of Mainland China's "Thirteenth Five-Year-Plan" commencing from 2016. It is expected that household economic conditions will steadily improve and housing demand will gradually increase as well, which together will provide a strong drive for the long-term development of the comprehensive real estate market.

In 2014, Mainland China's real estate market entered into a period of adjustment. The ever-rising trend in housing prices in the past had come to an end, and a differentiated development trend in housing prices began to manifest itself between first- and second-tier cities and third- and fourth-tier cities. Adjustment of Mainland China's real estate market began at the beginning of 2014. However, driven by vigorous demand, the housing prices in first- and second-tier cities maintained a robust trend. On the other hand, due to the continuity of extensive inventory and sluggish demand, housing prices in third- and fourth-tier cities faced downward pressure. As real estate is regarded as the cornerstone of Mainland China's economy, starting from the second quarter of 2014, under the guidelines of economic and employment stability, various local governments successively began to loosen purchase restriction policies. At the end of September, the People's Bank of China ("PBOC") relaxed the definition of second mortgage loan. In November, the PBOC even reduced interest rates for the first time in last two years. These measures together effectively reduced the risk of hard landing of property market and the systematic risk of large-scale break-up of capital chain of property developers. In addition, these measures successfully released a portion of market demand and thus contributed to the rebound of turnover of Mainland China's property market during the second half of the year. Moreover, real estate investments increased from RMB4,201.9 billion in the first half of 2014 to RMB5,301.7 billion in the second half of the year, representing a corresponding increase of 26.2%. Due to the fact that surplus inventory remained significant in third- and fourth-tier cities and the shift of Mainland China's economy from high gear growth to medium-to-high gear growth, housing prices are not expected to exhibit a strong bounce-back within a short period of time. Although the high-profit era for real estate industry in Mainland China has passed, its urbanisation development and the continuously rising household income will provide strong impetus for the healthy and stable development of Mainland China's property market in medium-to-long run.

NWCL's professional management team will continue to lead the Group into the "Silvery Age" for Mainland China's real estate industry, and fully capture market opportunities under the "new norm" of Mainland China's economic development, thereby creating an ideal living space for our clients and generating values for various stakeholders of the Group. In 2014, the Group published its first sustainability report, which was also the first sustainability report produced by a property developer operating in Mainland China in compliance with the most updated G4 Sustainability Reporting Guidelines of the Global Reporting Initiative. In doing so, the Group fully demonstrates its commitment to various sustainability concepts such as active engagement in environmental protection, healthy lifestyle, corporate governance and harmonious community development. In the future, the Group will continue to incorporate the concept of sustainability into project design and the Group's operation and management in order to devote ourselves to the establishment of a harmonious society.

Dr Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 26 February 2015

MANAGEMENT

DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the year 2014, the Mainland China property market reversed from its past upward cycle with sales flagging and prices declining during most of the months for the year. Local governments of various first- and second-tier cities introduced measures in the third quarter of 2014 to stimulate the housing market, including terminating or relaxing the purchase restriction policy, loosening mortgage restrictions by easing the qualification criteria for first-time homebuyers and relaxing loan terms for existing homeowners. Despite these relaxation policies, potential homebuyers are taking a wait-and-see approach, further building up high inventory level of residential units over the six months period to December 2014. On 21 November 2014, PBOC unexpectedly eased monetary policy by lowering its benchmark lending rates and deposit rates by 40 basis points to 5.6% and 25 basis points to 2.75% respectively. These supportive policies are set to stabilise the property market and improve buyers' sentiment. However, on 23 December 2014, the Central Government unveiled rules for property registration which will take effect on 1 March 2015 to curb speculative home purchases and eventually pave ways for implementation of annual property taxes. The resultant impact of this new rule to the property market poses uncertainty.

According to the data announced by National Bureau of Statistics, the overall sales of residential units for the year 2014 had slipped 9.1% in sales gross floor area and decreased by 7.8% in sales revenue amount compared to that of year 2013. The extended sluggish residential property sales during most of 2014 and weak market sentiment continued impacting the Group's overall contracted sale performance in the six months period to December 2014. During the period under review, the Group's secured contracted sales reached RMB7,231 million with gross floor area ("GFA") of 501,425 sq m, representing a year-on-year decrease of 22.4% and 22.7% in gross sales value and sales volume respectively. Included in the remaining contracted sales secured and to be recorded, approximately 140,308 sq m GFA with gross sales proceeds of approximately RMB2,391 million are for those projects scheduled to be completed within the next 6 months and their corresponding sales revenues shall be recorded in the consolidated income statement of the second half of FY2015.

For the six months ended 31 December 2014, the Group's core profit before revaluation, exchange difference, amortisation and impairment of intangible assets was reported at HK\$1,119.45 million, representing a decrease of 61.6% from HK\$2,914.53 million recorded in the same period last year. The decrease in core profit was largely attributable to overall decrease in attributable operating profit ("AOP") from property sales resulted from cyclical effect of recording sales arising from decrease in completed projects by 45.3% and decrease in gross profit margin of property sales by approximately 10.5 percentage points compared to the corresponding period of last financial year. The Group's profit attributable to shareholders posted at HK\$1,515.23 million, representing a decrease of 55.4% compared to that of first half of FY2014 due to decrease in core profit and decrease in exchange gains recorded arising from variation in currency fluctuation of Renminbi between the two corresponding periods.

Analysis of attributable operating profit

	6 months ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
Property sales	1,297,352	3,091,684
Rental operation	305,671	292,199
Hotel operation	(124,386)	(84,944)
Property management services	(61,206)	(52,864)
Hotel management services	5,617	2,148
Other operations	(4,526)	17,936
AOP before finance costs and after taxation charge	1,418,522	3,266,159
Bank and other interest income — corporate	61,570	67,315
Deferred tax charge on undistributed profits	(10,280)	(77,588)
Corporate administrative expenses	(141,598)	(135,136)
Finance costs	(208,767)	(206,217)
AOP after corporate items	1,119,447	2,914,533
Changes in fair value of investment properties, net of deferred taxation	470,341	318,385
Net foreign exchange gains	9,780	223,836
Amortisation of intangible assets	(27,968)	(26,268)
Impairment of intangible assets	(56,375)	(35,892)
	395,778	480,061
Profit attributable to equity holders of the Company	1,515,225	3,394,594

Property sales

During the period under review, the Group's AOP from property sales recorded at HK\$1,297.35 million, representing a 58.0% decrease as compared to AOP from property sales achieved in first half of FY2014. The overall recorded property sale volume of the Group for the period under review decreased by 35.4% comparing to the corresponding period last year to 498,471 sq m with recorded gross sale proceeds of approximately RMB6,785.90 million. The decrease in AOP from property sales was mainly resulted from decrease in volume of completed projects by 45.3% from 955,166 sq m to 522,702 sq m completed during the period under review.

The Group's overall gross profit margin decreased by 10.5 percentage points from 50.9% of last corresponding period to 40.4% of the period under review. The decrease in overall gross profit margin was mainly due to difference in recorded sale mix of both periods. The recorded property sales for the period under review was mainly contributed from Tianjin Xin Hui Hua Ting, Foshan Canton First Estate and Langfang New World Centre, which have relatively lower gross profit margin than property projects sold in the corresponding period last year which mainly included Guangzhou Park Paradise and Shenyang New World Garden. However, the Group's average selling price achieved during the period under review increased by RMB1,797 per sq m to RMB14,870 per sq m, representing a 13.7% increase as compared to that of last corresponding period. The increase in average selling price was attributable to difference in recorded sale mix of both periods. Approximately 84% of property sales during the first half of FY2015 were from first- and second-tier cities with higher average selling price while property sales for the last corresponding period were mainly from second- and third-tier cities.

MANAGEMENT

DISCUSSION AND ANALYSIS

During the period under review, the Group has completed seven property development projects for sale in Langfang, Tianjin, Guangzhou, Zhaoqing and Shenzhen with a total GFA of 522,702 sq m, comprising 498,245 sq m of residential, 5,503 sq m of commercial properties and 18,954 sq m of resident car park space.

Development property projects for sale completed in 1H FY2015	Usage	Total GFA (sq m)	NWCL's interest
Langfang New World Centre (廊坊新世界中心)	R, C	20,802	100%
Tianjin Xin Hui Hua Ting (天津新匯華庭)	R, P	106,629	100%
Canton First Estate Phase I (廣佛新世界莊園一期)	R	158,176	85%
Guangzhou Park Paradise Area 6 (廣州嶺南新世界六區)	R, C	81,122	100%
Guangzhou Xintang New World Garden Phase V C (廣州新塘新世界花園五期C)	R	52,500	63%
Zhaoqing New World Garden Phase III (肇慶新世界花園三期)	R, P	36,307	100%
Shenzhen New World Signature Hill (深圳新世界名鑄)	R	67,166	100%
Total		522,702	

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

In the second half of FY2015, the Group plans to complete 11 property projects for sale with a total GFA of 834,337 sq m, comprising 695,922 sq m of residential, 49,561 sq m of commercial property and 88,854 sq m of office space for sale. As the scheduled project completion shall increase in the second half of FY2015, the recorded property sales is envisaged to increase accordingly. With increasing proportion of property projects to be completed in the next two years being located at second- and third-tier cities, the Group expects that the achievable overall gross profit margin from property sales will be maintained at the level of over 35%.

Properties for sale to be completed in 2H FY2015	Usage	Total GFA (sq m)	NWCL's interest
Beijing Yuzhuang Project Phase I (北京于庄項目一期)	R, C	60,061	75%
Langfang New World Centre (廊坊新世界中心)	R, C, O	101,593	100%
Dalian New World Tower (大連新世界大廈)	R	76,230	100%
Tangshan New World Centre (唐山新世界中心)	R, C, O	173,452	100%
Chengdu New World Riverside Phase II (成都河畔新世界二期)	R	84,870	30%
Guangzhou Park Paradise Area 6 (廣州嶺南新世界六區)	R	64,384	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R	87,255	100%
Guangzhou Xintang New World Garden Phase V C (廣州新塘新世界花園五期C)	R	32,614	63%
Canton First Estate Phase I (廣佛新世界莊園一期)	R	31,581	85%
Shenzhen New World Yi Shan Garden Phase III (深圳新世界倚山花園三期)	R	95,686	100%
Haikou Meilisha Project Phase I (#2) (海口美麗沙項目一期 (#2))	R	26,611	100%
Total		834,337	

Rental operation

During the period under review, the Group's rental operation recorded an AOP of HK\$305.67 million, representing a 4.6% increase compared to that of the corresponding period last year. The increase in AOP from rental operation was mainly attributable to increase in AOP contributions from Shanghai Hong Kong New World Tower K11 Art Mall resulted from increase in occupancy rate and Wuhan New World International Trade Tower as a result of increase in average rental rate upon renewal of tenancy contract.

During the period under review, the Group completed 56,860 sq m commercial properties located in Tianjin and Guiyang and 23,530 sq m resident car park space for property projects located in Guangzhou, Shenzhen, Langfang and Zhaoqing.

Hotel operation

During the period under review, the AOP from hotel operation recorded at a loss of HK\$124.39 million as opposed to a loss of HK\$84.94 million recorded in the corresponding period last year. The decrease in overall AOP from hotel operation was mainly due to operation of two newly opened hotels, namely New World Beijing Hotel which opened in November 2013 and New World Guiyang Hotel which has opened in September 2014, are still at initial stage and incurred pre-operating expenses. Excluding the results of these two newly operating hotels, the occupancy rate of the other six hotels of the Group had improved during the period under review comparing to the same period last year. The Central Government's anti-corruption initiatives introduced since the first half of 2013 poses great challenge to the Group's hotel operation.

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

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

MANAGEMENT

DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2014, the Group's cash and bank deposits amounted to HK\$20,466.51 million (30 June 2014: HK\$17,351.60 million).

The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK\$27,299.62 million (30 June 2014: HK\$22,071.61 million), translating into a gearing ratio of 43.0% (30 June 2014: 36.0%). The gearing ratio is calculated on the basis of net debts over total equity.

The Group's borrowings from banks and fellow subsidiaries and liabilities of bonds and notes as at 31 December 2014 totalled HK\$45,631.92 million (30 June 2014: HK\$37,207.80 million) of which 17.4% were secured by way of charges over assets and 82.6% were unsecured.

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

	As at 31 December 2014 HK\$'million	As at 30 June 2014 HK\$'million
Repayable:		
Within one year	16,908.44	14,197.17
Between one and two years	8,552.78	11,045.35
Between two and five years	18,775.61	10,388.42
After five years	1,395.09	1,576.86
Total	45,631.92	37,207.80

As at 31 December 2014, the Group's committed unutilised bank loan facilities amounted to HK\$3,604.87 million (30 June 2014: HK\$3,002.13 million).

Capital expenditure commitments

The capital expenditure commitments of the Group as at 31 December 2014 were HK\$5,182,131,000 (30 June 2014: HK\$3,459,794,000) of which HK\$4,153,843,000 (30 June 2014: HK\$3,200,856,000) were contracted but not provided for in the financial statements and HK\$1,028,288,000 (30 June 2014: HK\$258,938,000) were authorised but not contracted for. The sources of funding for capital commitments are internally generated resources and bank loan facilities.

Foreign currency exposure

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

SOURCE OF BORROWINGS

31 December 2014	64.6%	35.4%
30 June 2014	64.0%	36.0%

■ Long term loans ■ Short term loans

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

After 5 years	1,395,089	
2–5 years	7,994,683	10,780,929
1–2 years	7,529,993	1,022,784
Within 1 year	10,770,801	6,137,640

■ Floating rate ■ Fixed rate

CURRENCY PROFILE OF BORROWINGS

31 December 2014	34.0%	65.0%	1.0%
30 June 2014	38.4%	60.4%	1.2%

■ HKD ■ RMB ■ USD

NATURE OF DEBT

31 December 2014	83.3%	16.7%
30 June 2014	76.7%	23.3%

■ Unsecured ■ Secured

MANAGEMENT

DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 31 December 2014, the Group has contingent liabilities of approximately HK\$2,612,990,000 (30 June 2014: HK\$2,734,066,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain joint ventures.

As at 31 December 2014, the Group has provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group and the Group's attributable portion of outstanding mortgage loans under these guarantees amounted to HK\$2,543,326,000 (30 June 2014: HK\$2,034,561,000).

DETAILS OF CHARGES ON GROUP'S ASSETS

As at 31 December 2014, the Group's property, plant and equipment, investment properties, land use rights, properties held for development and properties under development of HK\$1,370,931,000 (30 June 2014: HK\$1,382,166,000), HK\$5,395,002,000 (30 June 2014: HK\$5,448,689,000), HK\$255,642,000 (30 June 2014: HK\$256,165,000), HK\$952,905,000 (30 June 2014: HK\$923,335,000) and HK\$6,477,292,000 (30 June 2014: HK\$4,377,720,000) respectively have been pledged as securities for long term bank borrowings.

MAJOR ACQUISITION OR DISPOSAL

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, the Group has 10,563 full-time employees. Total staff related costs incurred during the period under review were HK\$354.31 million (2013: HK\$306.07 million), of which retirement benefits were included. Remuneration of employees is reviewed annually based on assessment of individual performance. Discretionary year-end bonus was paid to employees based on individual performance.

OUTLOOK

In 2014, both the economy and property market of Mainland China cooled down and the ever-rising trend in housing prices in the past reversed. Under the guidelines implemented by the Central Government to stabilise economy, a number of local governments had successively begun to loosen purchase restrictions since the second quarter. In addition, the China Banking Regulatory Commission showed adamant support for first-time home purchase credit demand. Subsequently, the PBOC also loosened the restrictions on second mortgage loan and reduced interest rates for the first time in last two years. Under the support of these measures, property market's turnover experienced a rebound by the end of the year. Apart from the loosening of real estate policies, the downtrend pressure on Mainland China's economy led the PBOC to adopt relatively lenient monetary policies. In recent months, the PBOC, by employing measures such as continuously making use of open market operations and repurchasing Central Bank notes, gradually lowered the short-term market interest rates. Following the interest rate cut at the end of November, the PBOC confirmed again in December that due to banks between non-banking institutions will be included when deposit balance is being calculated, and reserve requirement was temporarily suspended. Market participants generally believed that such measure would have the same effect of lowering deposit reserves for banks. The market estimated that the cycle of reduction of interest rates and deposit reserves already began in Mainland China. As a consequence, the credit condition for real estate is expected to improve slightly, bringing support to Mainland China's overall property market.

In respect of property market policies, real estate adjustment has not been mentioned at the Central Economic Work Conference in the past two years. This, along with the fact that purchase and signing restrictions have been loosened in a number of cities, proves that the Central Government is determined to minimise administrative intervention in real estate sector and gradually turn to market means for regulating the property market. Earlier, the State Council passed the "Provisional Regulations on Immovable Property Registration", which is set to be implemented in March 2015. Market participants believe such measure is a prelude to the introduction of property tax. In addition, with on-going discussion revolving around heated topics such as value-added tax in lieu of business tax, real estate trust pilot programme, and planning of real estate financialisation, structural reforms for the real estate industry are expected to be introduced successively in the future, which will facilitate the steady development of the industry.

Looking forward, first-tier cities and some key second-tier cities will continue to attract a large population influx from neighboring areas due to their prosperous economies. As a result, vigorous demand for first-time housing and improved housing will continue to persist and the housing prices are expected to be stable in these cities. As for some of the third- and fourth-tier cities, the housing prices will inevitably suffer due to the persistence of excessive inventory and the fact that the development of local economy and industries as well as housing demand are relatively weak. In general, a differentiated development trend in property markets between first- and second-tier cities and third- and fourth-tier cities is to be expected in the future. With the advent of the "new norm" where Mainland China's economy begins to shift from high gear growth to medium-to-high gear growth, the "Golden Age" in which property developers could easily acquire immensely high profits has come to an end. The "Silvery Age" and the "new norm" will instead become the keywords of Mainland China's real estate industry in the future. Nevertheless, the development plans for a number of regional economic belts such as the "Beijing-Tianjin-Hebei Integration", the "Enlargement of Free Trade Zone" and the "One Belt and One Road" are anticipated to strengthen the potential of Mainland China's medium to long-term economic growth. What is more, with the advancement of Mainland China's strategic urbanisation development, one may still expect to see a long-term and healthy developmental prospect for Mainland China's real estate industry.

MANAGEMENT

DISCUSSION AND ANALYSIS

Currently, the Group has landbank of over 24.7 million sq m, covering over 20 first-, second- and third-tier cities in Mainland China, of which approximately 78% of residential floor area is located in first- and second-tier cities. The Group will continue to focus on developing its existing landbank and strike a healthy balance of regional business distribution among first-, second- and third-tier cities. The net gearing ratio and cash balance of the Group maintained at optimal levels. Meanwhile, the Group can respond to various market challenges with its strong financial position.

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

On behalf of the Board

Dr Cheng Kar-shun, Henry
Chairman and Managing Director

Hong Kong, 26 February 2015

INDEPENDENT

AUDITOR'S REVIEW REPORT


pwc

羅兵咸永道

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF NEW WORLD CHINA LAND LIMITED***(incorporated in the Cayman Islands with limited liability)*

INTRODUCTION

We have reviewed the interim financial information set out on pages 16 to 40, which comprises the condensed consolidated statement of financial position of New World China Land Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2014 and the related condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers*Certified Public Accountants*

Hong Kong, 26 February 2015

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2014

	Note	Unaudited 6 months ended 31 December	
		2014 HK\$'000	2013 HK\$'000
Revenues	2	8,698,793	11,884,427
Cost of sales		(5,576,643)	(6,301,012)
Gross profit		3,122,150	5,583,415
Other income	3	367,204	901,023
Other (losses)/gains, net	4	(57,106)	268,456
Changes in fair value of investment properties		630,439	310,306
Selling expenses		(419,463)	(419,771)
Administrative and other operating expenses		(854,969)	(726,704)
Operating profit before finance costs	5	2,788,255	5,916,725
Finance costs		(162,568)	(188,041)
Share of results of associated companies and joint ventures		179,227	331,408
Profit before taxation		2,804,914	6,060,092
Taxation charge	6	(1,325,360)	(2,530,558)
Profit for the period		1,479,554	3,529,534
Attributable to:			
Equity holders of the Company		1,515,225	3,394,594
Non-controlling interests		(35,671)	134,940
		1,479,554	3,529,534
Earnings per share	7		
Basic		17.45 cents	39.16 cents
Diluted		17.43 cents	39.14 cents
Interim dividend	8	—	346,972

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2014

	Unaudited	
	6 months ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
Profit for the period	1,479,554	3,529,534
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Translation differences	740,647	504,629
Share of other comprehensive income of associated companies and joint ventures	22,039	34,935
Other comprehensive income for the period	762,686	539,564
Total comprehensive income for the period	2,242,240	4,069,098
Total comprehensive income attributable to:		
Equity holders of the Company	2,280,610	3,926,640
Non-controlling interests	(38,370)	142,458
	2,242,240	4,069,098

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	Unaudited As at 31 December 2014 HK\$'000	Audited As at 30 June 2014 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	5,211,254	4,763,887
Investment properties	9	24,317,673	21,971,592
Land use rights	9	741,401	703,901
Intangible assets		1,811,608	1,895,952
Properties held for development		18,513,920	18,182,575
Associated companies and joint ventures		15,485,083	14,309,144
Available-for-sale financial assets		85,147	85,147
		66,166,086	61,912,198
Current assets			
Properties under development		19,799,591	21,091,110
Completed properties held for sale		12,563,713	8,977,146
Hotel inventories, at cost		4,252	4,002
Prepayments, debtors and other receivables	10	13,388,693	10,881,917
Amounts due from related companies		471,815	577,025
Cash and bank balances, unrestricted		20,466,509	17,351,595
		66,694,573	58,882,795
Non-current assets reclassified as held for sale		—	131,138
		66,694,573	59,013,933
Total assets		132,860,659	120,926,131
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	11	868,520	868,335
Reserves		58,914,477	56,623,635
Proposed final dividend		—	260,547
		59,782,997	57,752,517
Non-controlling interests		3,631,045	3,566,137
Total equity		63,414,042	61,318,654

	Note	Unaudited As at 31 December 2014 HK\$'000	Audited As at 30 June 2014 HK\$'000
LIABILITIES			
Non-current liabilities			
Long term borrowings	12	30,857,693	25,226,035
Deferred tax liabilities		3,445,171	3,252,232
		34,302,864	28,478,267
Current liabilities			
Creditors and accruals	13	8,661,900	6,950,199
Deposits received on sale of properties		3,607,449	4,716,405
Amounts due to related companies		692,422	507,848
Short term loans		254,430	—
Current portion of long term borrowings	12	16,654,011	14,197,174
Amounts due to non-controlling interests	14	103,192	102,756
Taxes payable		5,170,349	4,654,828
		35,143,753	31,129,210
Total liabilities		69,446,617	59,607,477
Total equity and liabilities		132,860,659	120,926,131
Net current assets		31,550,820	27,884,723
Total assets less current liabilities		97,716,906	89,796,921

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2014

	Unaudited	
	6 months ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
Net cash (used in)/from operating activities	(2,007,913)	2,628,868
Net cash used in investing activities		
— Additions to property, plant and equipment, land use rights and investment properties	(1,525,165)	(1,743,453)
— Net increase in investments in associated companies and joint ventures	(790,079)	(1,331,446)
— Others	250,694	270,117
	(2,064,550)	(2,804,782)
Net cash from financing activities		
— Net increase of borrowings	8,256,260	1,056,419
— Dividend paid	(260,554)	(346,859)
— Dividend paid to non-controlling interests	—	(23,560)
— Others	(1,018,978)	(139,697)
	6,976,728	546,303
Net increase in cash and cash equivalents	2,904,265	370,389
Cash and cash equivalents at beginning of the period	17,351,595	19,337,202
Exchange differences on cash and cash equivalents	210,649	237,488
Cash and cash equivalents at end of the period	20,466,509	19,945,079
Analysis of cash and cash equivalents		
Unrestricted cash and bank balance	20,466,509	19,945,079

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2014

	Attributable to equity holders of the Company			Non- controlling interests	Total equity
	Share capital HK\$'000	Reserves HK\$'000	Shareholders' funds HK\$'000	HK\$'000	HK\$'000
Balance at 1 July 2014	868,335	56,884,182	57,752,517	3,566,137	61,318,654
Translation differences	—	743,346	743,346	(2,699)	740,647
Share of other comprehensive income of associated companies and joint ventures	—	22,039	22,039	—	22,039
Other comprehensive income for the period	—	765,385	765,385	(2,699)	762,686
Profit for the period	—	1,515,225	1,515,225	(35,671)	1,479,554
Total comprehensive income for the period	—	2,280,610	2,280,610	(38,370)	2,242,240
Transactions with owners					
Contribution by and distribution to owners					
Issue of shares	185	5,616	5,801	—	5,801
Capital contribution from non-controlling interests	—	—	—	103,278	103,278
Share-based payments	—	4,623	4,623	—	4,623
Dividend paid	—	(260,554)	(260,554)	—	(260,554)
Total transactions with owners	185	(250,315)	(250,130)	103,278	(146,852)
Balance at 31 December 2014	868,520	58,914,477	59,782,997	3,631,045	63,414,042
Balance at 1 July 2013	866,360	53,482,386	54,348,746	3,354,883	57,703,629
Translation differences	—	497,111	497,111	7,518	504,629
Share of other comprehensive income of associated companies and joint ventures	—	34,935	34,935	—	34,935
Other comprehensive income for the period	—	532,046	532,046	7,518	539,564
Profit for the period	—	3,394,594	3,394,594	134,940	3,529,534
Total comprehensive income for the period	—	3,926,640	3,926,640	142,458	4,069,098
Transactions with owners					
Contribution by and distribution to owners					
Issue of shares	826	22,269	23,095	—	23,095
Capital contribution from non-controlling interests	—	—	—	2,150	2,150
Share-based payments	—	4,994	4,994	—	4,994
Dividend paid	—	(346,859)	(346,859)	(23,560)	(370,419)
	826	(319,596)	(318,770)	(21,410)	(340,180)
Change in ownership interests in a subsidiary					
Acquisition of additional interest in a subsidiary	—	25,722	25,722	(116,228)	(90,506)
Total transactions with owners	826	(293,874)	(293,048)	(137,638)	(430,686)
Balance at 31 December 2013	867,186	57,115,152	57,982,338	3,359,703	61,342,041

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements (the “interim financial statements”) for the six months ended 31 December 2014 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

Except as described below, the accounting policies applied in the preparation of these interim financial statements are consistent with those set out in the annual financial statements for the year ended 30 June 2014.

- (a) The Group has adopted the following revised standards, amendments to standards and interpretation which are relevant to the Group’s operations and are mandatory for the financial year ending 30 June 2015:

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

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

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

Effective for the year ending 30 June 2016 or after

HKFRS 7 and HKFRS 9 (Amendments)	Financial Instruments: Disclosures — Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 9 (2014)	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 HKFRS 10, HKFRS 12 and HKAS 28 (Revised 2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Annual Improvements Project	Annual Improvements 2012-2014 Cycle

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

2. REVENUES AND SEGMENT INFORMATION

- (a) The Group is principally engaged in investment in and development of property projects in the People's Republic of China (the "PRC"). Revenues comprise turnover which include gross proceeds from sale of properties, revenue from rental and hotel operation, property management services fee income, project management fee income, hotel management services fee income and contracting services income.

	6 months ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Sale of properties	7,136,245	10,480,118
Rental income	414,830	366,608
Income from hotel operation	205,892	187,804
Property management services fee income	261,863	214,278
Project management fee income	73,873	59,004
Hotel management services fee income	264,620	239,701
Contracting services income	341,470	336,914
	8,698,793	11,884,427

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

The committee considers the business from the perspective of the services and products. The management assesses the performance of property sales, rental operation, hotel operation, property management services operations and hotel management services operations. Other operations include contracting services and ancillary services in property projects.

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

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

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

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

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

6 months ended 31 December 2014	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Hotel management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment revenues							
Company and subsidiaries							
Total revenues	7,210,118	439,480	205,892	313,289	277,661	343,370	8,789,810
Inter-segment revenues	—	(24,650)	—	(51,426)	(13,041)	(1,900)	(91,017)
External revenues	7,210,118	414,830	205,892	261,863	264,620	341,470	8,698,793
Associated companies and joint ventures — attributable to the Group	794,836	252,146	91,837	58,454	—	—	1,197,273
	8,004,954	666,976	297,729	320,317	264,620	341,470	9,896,066
Segment bank and other interest income	38,070	10,722	511	1,037	757	411	51,508
AOP before finance costs and after taxation charge							
Company and subsidiaries	1,107,767	188,226	(61,233)	(60,455)	5,617	(11,307)	1,168,615
Associated companies and joint ventures	189,585	117,445	(63,153)	(751)	—	6,781	249,907
	1,297,352	305,671	(124,386)	(61,206)	5,617	(4,526)	1,418,522
Additions to non-current assets other than financial instruments							
Depreciation and amortisation	2,205,270	951,221	319,527	3,116	2,592	232,732	3,714,458
Impairment of intangible assets	43,624	2,785	104,893	2,295	30,674	646	184,917
Share of results of associated companies and joint ventures	—	—	—	—	56,375	—	56,375
	89,369	158,078	(69,929)	(751)	—	2,460	179,227
As at 31 December 2014							
Segment assets	73,387,127	26,258,518	3,835,824	329,004	2,006,689	1,334,072	107,151,234
Associated companies and joint ventures	6,576,389	8,717,307	205,669	(22,397)	3,523	4,592	15,485,083
Available-for-sale financial assets							85,147
Property, plant and equipment at corporate office							7,318
Prepayments, debtors, and other receivables at corporate office							125,716
Amounts due from related companies at corporate office							338,719
Cash and bank balances at corporate office							9,667,442
Total assets							132,860,659
Segment liabilities	12,014,998	322,316	117,382	348,866	126,663	131,003	13,061,228
Creditors and accruals at corporate office							282,450
Taxes payable							4,891,634
Borrowings							47,766,134
Deferred tax liabilities							3,445,171
Total liabilities							69,446,617

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

	6 months ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
(i) Revenues		
Total segment revenues	9,896,066	13,338,697
Less:		
Revenues of associated companies and joint ventures, attributable to the Group	(1,197,273)	(1,454,270)
Revenues as presented in condensed consolidated income statement	8,698,793	11,884,427
(ii) Profit before taxation		
AOP before finance costs and after taxation charge	1,418,522	3,266,159
Bank and other interest income — corporate	61,570	67,315
Deferred tax charge on undistributed profits	(10,280)	(77,588)
Corporate administrative expenses	(141,598)	(135,136)
Finance costs	(208,767)	(206,217)
AOP after corporate items	1,119,447	2,914,533
Changes in fair value of investment properties, net of deferred taxation	470,341	318,385
Net foreign exchange gains	9,780	223,836
Amortisation of intangible assets	(27,968)	(26,268)
Impairment of intangible assets	(56,375)	(35,892)
	395,778	480,061
Profit attributable to equity holders of the Company	1,515,225	3,394,594
Taxation charge	1,325,360	2,530,558
Profit attributable to non-controlling interests	(35,671)	134,940
Profit before taxation	2,804,914	6,060,092

NOTES TO THE INTERIM FINANCIAL STATEMENTS

3. OTHER INCOME

	6 months ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Tax indemnity from the ultimate holding company (note 6)	223,759	751,284
Bank and other interest income	111,058	122,020
Interest income from joint ventures, net of withholding tax (note)	32,387	27,719
	367,204	901,023

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

	6 months ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Share of shareholders' loan interest expenses of joint ventures	(25,589)	(24,432)

4. OTHER (LOSSES)/GAINS, NET

	6 months ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Net foreign exchange gains	5,825	226,410
(Loss)/gain on disposal of investment properties	(6,556)	77,938
Impairment of intangible assets	(56,375)	(35,892)
	(57,106)	268,456

5. OPERATING PROFIT BEFORE FINANCE COSTS

	6 months ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
Operating profit before finance costs is arrived at after crediting:		
Gross rental income from investment properties	395,703	346,412
Gain on disposal of property, plant and equipment	—	12,512
and after charging:		
Cost of properties sold	4,405,813	5,275,384
Staff costs	354,307	306,070
Outgoings in respect of investment properties	168,668	145,216
Depreciation of property, plant and equipment	144,611	98,644
Rental for leased premises	24,378	21,948
Amortisation of land use rights	12,338	9,984
Amortisation of intangible assets	27,968	26,268
Loss on disposal of property, plant and equipment	11	—

NOTES TO THE INTERIM FINANCIAL STATEMENTS

6. TAXATION CHARGE

	6 months ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
Current taxation		
PRC corporate income tax	440,333	886,759
PRC land appreciation tax	698,728	1,489,694
Deferred taxation	186,299	154,105
	1,325,360	2,530,558

Share of taxation of associated companies and joint ventures for the six months ended 31 December 2014 of HK\$264,236,000 (2013: HK\$402,863,000) is included in the condensed consolidated income statement as share of results of associated companies and joint ventures.

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

In July 1999, a deed of tax indemnity was entered into between New World Development Company Limited, the ultimate holding company, and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of, inter alia, certain PRC CIT and LAT payable in consequence of the disposal of certain properties held by the Group as at 31 March 1999. During the period, tax indemnity amounting to HK\$223,759,000 (2013: HK\$751,284,000) was effected (note 3).

7. EARNINGS PER SHARE

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

	6 months ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Profit attributable to equity holders of the Company	1,515,225	3,394,594

	Number of shares 6 months ended 31 December	
	2014	2013
Weighted average number of shares for calculating basic earnings per share	8,684,803,683	8,667,659,582
Effect of dilutive potential shares:		
Share options	6,596,148	5,124,138
Weighted average number of shares for calculating diluted earnings per share	8,691,399,831	8,672,783,720

8. INTERIM DIVIDEND

The directors have resolved not to declare an interim dividend for the six months ended 31 December 2014 (2013: HK\$0.04 per share).

9. CAPITAL EXPENDITURE

For the six months ended 31 December 2014, the Group's additions to property, plant and equipment, investment properties and land use rights amounted to HK\$1,525,908,000 (2013: HK\$1,746,279,000).

NOTES TO THE INTERIM FINANCIAL STATEMENTS

10. PREPAYMENTS, DEBTORS AND OTHER RECEIVABLES

	As at 31 December 2014 HK\$'000	As at 30 June 2014 HK\$'000
Trade debtors (note)	2,996,670	2,923,518
Prepaid land preparatory cost	2,190,779	2,019,803
Deposits for purchase of land	5,288,666	2,999,245
Prepayment for proposed development projects	188,481	187,375
Prepaid taxes	1,223,497	1,266,578
Other prepayments, deposits and receivables	1,500,600	1,485,398
	13,388,693	10,881,917

Note: Trade debtors mainly include sales proceed receivables, rental receivables and property management fee receivables. Sales proceed receivables in respect of sale of properties are settled in accordance with the instalment schedules as stipulated in the sale and purchase agreements. Monthly rental in respect of rental properties are payable in advance by tenants in accordance with the lease agreements. Monthly property management fees are payable in advance in accordance with the agreements. The ageing analysis of trade debtors based on invoice date is as follows:

	As at 31 December 2014 HK\$'000	As at 30 June 2014 HK\$'000
0 to 30 days	882,735	763,495
31 to 60 days	265,032	377,676
61 to 90 days	256,093	351,363
Over 90 days	1,592,810	1,430,984
	2,996,670	2,923,518

11. SHARE CAPITAL

	As at 31 December 2014 HK\$'000	As at 30 June 2014 HK\$'000
Authorised: 30,000,000,000 shares of HK\$0.10 each	3,000,000	3,000,000
Issued and fully paid: 8,685,201,704 (30 June 2014: 8,683,350,475) shares of HK\$0.10 each	868,520	868,335

Details of the movement in the issued and fully paid share capital of the Company are summarised as follows:

	Number of shares of HK\$0.10 each	HK\$'000
At 1 July 2013	8,663,596,817	866,360
Exercise of share options (note)	19,753,658	1,975
At 30 June 2014	8,683,350,475	868,335
Exercise of share options (note)	1,851,229	185
At 31 December 2014	8,685,201,704	868,520

NOTES TO THE INTERIM FINANCIAL STATEMENTS

11. SHARE CAPITAL (Continued)

Note:

Pursuant to the share option scheme adopted on 26 November 2002 ("2002 Share Option Scheme") and the share option scheme adopted on 22 November 2011 ("2011 Share Option Scheme"), the Company may grant options to directors and employees of the Company or its subsidiaries to subscribe for shares in the Company. The movements in the number of share options granted during the period and the balance outstanding at 31 December 2014 are as follows:

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

Date of offer to grant	Exercise price per share HK\$	Number of share options			Number of share options exercisable	
		At 1 July 2014	Exercised during the period	Lapsed during the period	At 31 December 2014	At 31 December 2014
26 June 2009	3.913 ¹	512,551	(504,529)	(8,022)	—	—
19 November 2009	2.953 ¹	3,013	—	—	3,013	3,013
12 January 2010	2.878 ¹	61,481	—	—	61,481	61,481
18 May 2010	2.262 ¹	121,740	—	—	121,740	121,740
31 May 2010	2.349 ¹	209,480	(84,000)	—	125,480	125,480
10 November 2010	3.013 ¹	693,137	—	—	693,137	693,137
18 January 2011	3.036 ¹	9,825,966	(498,700)	(166,233)	9,161,033	6,757,249
26 July 2011	2.705 ¹	733,242	(104,000)	—	629,242	302,512
		12,160,610	(1,191,229)	(174,255)	10,795,126	8,064,612

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

Date of offer to grant	Exercise price per share HK\$	Number of share options			Number of share options exercisable		
		At 1 July 2014	Granted during the period	Exercised during the period	Lapsed during the period	At 31 December 2014	At 31 December 2014
3 May 2012	2.450 ¹	4,071,680	—	(510,000)	(200,000)	3,361,680	719,440
22 October 2012	3.370 ¹	448,700	—	(6,000)	—	442,700	153,900
7 January 2013	3.880 ¹	3,824,100	—	—	—	3,824,100	782,880
2 April 2013	3.350 ¹	1,933,990	—	(60,800)	(37,200)	1,835,990	553,190
24 June 2013	2.762 ¹	1,168,400	—	—	—	1,168,400	334,400
15 October 2013	4.010 ¹	1,749,900	—	(16,000)	(180,800)	1,553,100	548,700
9 January 2014	3.970 ¹	3,739,440	—	(1,200)	(12,800)	3,725,440	221,120
10 July 2014	4.720 ¹	—	1,266,000	—	—	1,266,000	253,200
23 October 2014	4.420 ¹	—	1,132,000	(66,000)	(264,000)	802,000	160,400
		16,936,210	2,398,000	(660,000)	(694,800)	17,979,410	3,727,230

Notes:

- On dates of grant, the share options are divided into five tranches and exercisable within a period of five years commencing on the expiry of one month after the dates on which the options were accepted.
- The weighted average share prices under the 2002 Share Option Scheme and the 2011 Share Option Scheme at the time of exercise during the six months ended 31 December 2014 were HK\$4.696 per share (year ended 30 June 2014: HK\$4.707 per share) and HK\$4.728 per share (year ended 30 June 2014: HK\$5.356 per share), respectively.

12. LONG TERM BORROWINGS

	As at 31 December 2014 HK\$'000	As at 30 June 2014 HK\$'000
Bank loans (note i)		
Secured	7,947,368	9,041,936
Unsecured	18,761,815	16,324,119
Loans from fellow subsidiaries (note ii)	2,642,101	2,637,823
Loans from non-controlling interests (note iii)	264,526	247,789
Advances from participating interest (note iv)	1,869,689	1,967,617
Fixed rate bonds (note v)	9,032,713	9,008,925
Note payable (note vi)	6,866,910	—
Other loans		
Secured	—	70,000
Unsecured	126,582	125,000
	47,511,704	39,423,209
Current portion included in current liabilities	(16,654,011)	(14,197,174)
	30,857,693	25,226,035

Notes:

(i) The bank loans are repayable as follows:

	Secured		Unsecured		Total	
	As at 31 December 2014 HK\$'000	As at 30 June 2014 HK\$'000	As at 31 December 2014 HK\$'000	As at 30 June 2014 HK\$'000	As at 31 December 2014 HK\$'000	As at 30 June 2014 HK\$'000
Within one year	3,132,777	2,756,491	8,079,796	5,950,777	11,212,573	8,707,268
Between one and two years	1,661,362	2,536,297	4,249,314	5,871,229	5,910,676	8,407,526
Between two and five years	1,758,140	2,347,910	6,432,705	4,326,488	8,190,845	6,674,398
After five years	1,395,089	1,401,238	—	175,625	1,395,089	1,576,863
	7,947,368	9,041,936	18,761,815	16,324,119	26,709,183	25,366,055

(ii) The loans from fellow subsidiaries are repayable between one and two years (30 June 2014: one and two years). The loans from fellow subsidiaries are unsecured and bear interest at three months Hong Kong Interbank Offered Rate ("HIBOR") (30 June 2014: three months HIBOR) per annum.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

12. LONG TERM BORROWINGS (Continued)

Notes: (Continued)

- (iii) The loans from non-controlling interests are unsecured, bear interest at 5% to 6.15% (30 June 2014: 5% to 6.15%) per annum and have repayment terms as specified in the loan agreement.
- (iv) The advances from participating interest of certain property projects are unsecured, interest free and repayable in accordance with the terms as specified in the agreements entered into between the Group and the participating interest.
- (v) On 29 March 2012 and 12 April 2012, the Company issued 8.5% bonds in the aggregate amounts of RMB2,800 million and RMB1,500 million (equivalent to approximately HK\$3,544 million and HK\$1,899 million) respectively.

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

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

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

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

13. CREDITORS AND ACCRUALS

	As at 31 December 2014 HK\$'000	As at 30 June 2014 HK\$'000
Trade creditors (note i)	7,018,833	5,495,755
Other creditors and accruals (note ii)	1,643,067	1,454,444
	8,661,900	6,950,199

Notes:

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

	<i>As at</i> 31 December 2014 HK\$'000	<i>As at</i> 30 June 2014 HK\$'000
<i>0 to 30 days</i>	6,518,031	5,033,097
<i>31 to 60 days</i>	71,151	17,787
<i>61 to 90 days</i>	48,523	78,323
<i>Over 90 days</i>	381,128	366,548
	7,018,833	5,495,755

(ii) Other creditors and accruals include retention payables of construction costs, other payables and various accruals.

14. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts due to non-controlling interests are unsecured, interest free and repayable on demand.

15. GUARANTEES

(i) Corporate guarantees for banking facilities

The Group has corporate guarantees of approximately HK\$2,612,990,000 (30 June 2014: HK\$2,734,066,000) given in respect of bank loan facilities extended to certain joint ventures. As at 31 December 2014, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the joint ventures was approximately HK\$2,267,674,000 (30 June 2014: HK\$2,350,941,000).

(ii) Guarantees in respect of mortgage facilities

As at 31 December 2014, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group and the Group's attributable portion of outstanding mortgage loans under these guarantees amounted to HK\$2,543,326,000 (30 June 2014: HK\$2,034,561,000). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

16. COMMITMENTS

Capital expenditure commitments

The capital expenditure commitments of the Group are as follows:

	As at 31 December 2014 HK\$'000	As at 30 June 2014 HK\$'000
Authorised but not contracted for		
Purchase consideration for proposed development projects	108,000	108,000
Property, plant and equipment	108,775	150,938
Investment properties	811,513	—
	1,028,288	258,938
Contracted but not provided for		
Property, plant and equipment	1,721,674	1,571,271
Investment properties	2,432,169	1,629,585
	4,153,843	3,200,856
	5,182,131	3,459,794

17. RELATED PARTY TRANSACTIONS

(i) Transactions with related parties

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

	6 months ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Interest expense on loans from fellow subsidiaries	4,278	4,690
Rental expense for leased premises to fellow subsidiaries	11,808	9,876
Property agency fee paid to fellow subsidiaries	3,526	10,352
Purchase of goods from fellow subsidiaries and a related company	59,554	52,626
Interest income from joint ventures	37,324	35,885
Property management services fee income from fellow subsidiaries, joint ventures and related companies	19,801	26,402
Rental income from fellow subsidiaries and a related company	57,378	41,327
Hotel management services fee income from fellow subsidiaries, joint ventures and related companies	47,602	60,819
Project management fee income from joint ventures and related companies	52,932	27,049
Contracting service income from related companies	203,229	280,364

These related party transactions were in accordance with the terms as disclosed in the 2014 annual financial statements.

- (ii) Total fees for the provision of project management, construction and engineering consultancy services in respect of certain of the Group's property projects and payable to certain fellow subsidiaries and related companies for the period amounted to HK\$306,980,000 (2013: HK\$68,749,000). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.
- (iii) A deed of tax indemnity was entered into between the ultimate holding company and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of CIT and LAT payable in consequence of the disposal of certain properties held by the Group as at 31 March 1999. During the period, tax indemnity amounting to HK\$223,759,000 (2013: HK\$751,284,000) was effected (note 6).

NOTES TO THE INTERIM FINANCIAL STATEMENTS

17. RELATED PARTY TRANSACTIONS *(Continued)*

- (iv) During the period, the Group paid a sum of RMB21,128,000 (equivalent to HK\$26,744,000) to Hubei New World Department Store Co., Ltd., a fellow subsidiary of the Group, as compensation for the early termination of the lease agreement.
- (v) During the period ended 31 December 2013, the Group sold certain properties to Aerospace New World (China) Technology Limited and Shenzhen Sunlong Communication Co., Ltd., fellow subsidiaries of the Group, for a consideration of RMB17,088,000 (equivalent to HK\$21,630,000) and RMB19,608,000 (equivalent to HK\$24,820,000) respectively.
- (vi) During the period ended 31 December 2013, the Group acquired a hotel management company from CTF Holdings Limited, a related company of the Group at the consideration of €13,536,000 (equivalent to approximately HK\$144,835,000).

OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2014, the interests or short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

(A) Long position in shares

	Number of shares			Total	Percentage to the relevant issued share capital as at 31 December 2014
	Personal interests	Family interests	Corporate interests		
New World China Land Limited					
(Ordinary shares of HK\$0.10 each)					
Mr Cheng Kar-shing, Peter	755,961	—	—	755,961	0.01
Ms Cheng Chi-man, Sonia	953,669	—	—	953,669	0.01
Mr Fong Shing-kwong, Michael	1,856,895	—	—	1,856,895	0.02
Dr Cheng Wai-chee, Christopher	387,448	—	—	387,448	0.00
Hon Tien Pei-chun, James	387,448	—	—	387,448	0.00
Mr Lee Luen-wai, John	387,448	—	—	387,448	0.00
New World Development Company Limited					
(Ordinary shares)					
Dr Cheng Kar-shun, Henry	—	600,000	—	600,000	0.01
Mr Fong Shing-kwong, Michael	213,182	—	—	213,182	0.00
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar-shun, Henry	18,349,571	—	12,000,000 ¹	30,349,571	0.81
Mr Cheng Kar-shing, Peter	280,824	—	5,670,218 ²	5,951,042	0.16
Mr Fong Shing-kwong, Michael	2,351,732	—	—	2,351,732	0.06
Dr Cheng Wai-chee, Christopher	2,590,631	—	—	2,590,631	0.07
New World Department Store China Limited					
(Ordinary shares of HK\$0.10 each)					
Ms Cheng Chi-man, Sonia	92,000	—	—	92,000	0.01
Sun Legend Investments Limited					
(Ordinary shares)					
Mr Cheng Kar-shing, Peter	—	—	500 ³	500	50.00

OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES *(Continued)*

(A) Long position in shares *(Continued)*

Notes:

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

(B) Long position in underlying shares — share options

(1) The Company

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

Name of director	Date of grant	Exercisable period <i>note</i>	Number of share options		Exercise price per share HK\$	
			Balance as at 1 July 2014	Exercised during the period		
Dr Cheng Kar-shun, Henry	18 January 2011	1	2,077,922	—	2,077,922	3.036
Mr Cheng Kar-shing, Peter	18 January 2011	1	831,169	—	831,169	3.036
Dr Cheng Chi-kong, Adrian	18 January 2011	2	935,066	—	935,066	3.036
Mr Fong Shing-kwong, Michael	18 January 2011	1	449,481	—	449,481	3.036
Ms Ngan Man-ying, Lynda	18 January 2011	1	1,038,961	—	1,038,961	3.036
Dr Cheng Wai-chee, Christopher	18 January 2011	1	311,688	—	311,688	3.036
Hon Tien Pei-chun, James	18 January 2011	1	311,688	—	311,688	3.036
Mr Lee Luen-wai, John	18 January 2011	1	311,688	—	311,688	3.036
Total			6,267,663	—	6,267,663	

Notes:

1. Divided into 5 tranches, exercisable from 19 February 2011, 19 February 2012, 19 February 2013, 19 February 2014 and 19 February 2015, respectively to 18 February 2016.
2. Divided into 3 tranches, exercisable from 19 February 2013, 19 February 2014 and 19 February 2015, respectively to 18 February 2016.
3. The cash consideration paid by each of the directors for grant of the share options is HK\$10.

(2) *New World Development Company Limited*

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

Name of director	Date of grant	Exercisable period <i>note</i>	Number of share options			Exercise price per share <i>note 3</i> HK\$	
			Balance as at 1 July 2014	Adjusted during the period <i>note 3</i>	Exercised during the period		Balance as at 31 December 2014
Dr Cheng Kar-shun, Henry	19 March 2012	1	10,648,284	4,292	—	10,652,576	9.172
Mr Cheng Kar-shing, Peter	19 March 2012	1	532,413	214	—	532,627	9.172
Dr Cheng Chi-kong, Adrian	19 March 2012	1	3,726,898	1,502	—	3,728,400	9.172
Ms Cheng Chi-man, Sonia	19 March 2012	1	3,194,483	1,287	—	3,195,770	9.172
Mr Fong Shing-kwong, Michael	19 March 2012	2	1,866,942	752	—	1,867,694	9.172
Mr Lee Luen-wai, John	19 March 2012	1	532,413	214	—	532,627	9.172
Total			20,501,433	8,261	—	20,509,694	

Notes:

1. Divided into 4 tranches, exercisable from 19 March 2012, 19 March 2013, 19 March 2014 and 19 March 2015, respectively to 18 March 2016.
2. Divided into 3 tranches, exercisable from 19 March 2013, 19 March 2014 and 19 March 2015, respectively to 18 March 2016.
3. NWD declared final dividend for the year ended 30 June 2014 in cash (with scrip option) during the period. Accordingly, adjustments were made to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$9.176 to HK\$9.172 on 30 December 2014.
4. The cash consideration paid by each of the directors for grant of the share options is HK\$10.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES *(Continued)*

(C) Long position in debentures

(1) The Company

The following directors have interests in the debentures issued by the Company. Details of the debentures of the Company held by them as at 31 December 2014 were as follows:

Name of director	Amount of debentures issued by the Company					Percentage to the total debentures in issue as at 31 December 2014
	Personal interests	Family interests	Corporate interests	Other interests	Total	
	RMB	RMB	RMB	RMB	RMB	
Mr Cheng Kar-shing, Peter	—	12,256,000 ¹	16,000,000 ²	—	28,256,000	0.22
Mr Cheng Chi-him, Conrad	6,000,000	—	—	—	6,000,000	0.05
Mr Fong Shing-kwong, Michael	18,056,000 ³	—	—	—	18,056,000	0.14
Dr Cheng Wai-chee, Christopher	—	—	—	30,000,000 ⁴	30,000,000	0.23
Mr Ip Yuk-keung, Albert	—	3,064,000 ¹	—	—	3,064,000	0.02
Total	24,056,000	15,320,000	16,000,000	30,000,000	85,376,000	

Notes:

1. These debentures were issued in USD and had been translated into RMB using the rate of USD1=RMB6.128.
2. These debentures are beneficially owned by a company which is wholly-owned by Mr Cheng Kar-shing, Peter.
3. Debentures in the sum of RMB12,256,000 out of the total debentures held by Mr Fong Shing-kwong, Michael were issued in USD and had been translated into RMB using the rate of USD1=RMB6.128.
4. These debentures are owned by a controlled corporation of a trust and Dr Cheng Wai-chee, Christopher is one of the beneficiaries under the trust.

(2) *Fita International Limited*

The following director has interests in the debentures issued by Fita International Limited (“Fita”), a wholly-owned subsidiary of NWD. Details of the debentures of Fita held by him as at 31 December 2014 were as follows:

Name of director	Amount of debentures in USD issued by Fita				Total	Percentage to the total debentures in issue as at 31 December 2014
	Personal interests	Family interests	Corporate interests			
Mr Lee Luen-wai, John	1,000,000	1,000,000	—		2,000,000	0.27

(3) *NWD (MTN) Limited*

The following director has interests in the debentures issued by NWD (MTN) Limited (“MTN”), a wholly-owned subsidiary of NWD. Details of the debentures of MTN held by him as at 31 December 2014 were as follows:

Name of director	Amount of debentures in USD issued by MTN				Total	Percentage to the total debentures in issue as at 31 December 2014
	Personal interests	Family interests	Corporate interests			
Mr Fong Shing-kwong, Michael	1,000,000	—	—		1,000,000	0.07

Save as disclosed above, as at 31 December 2014, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2014, the interests or short positions of substantial shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long position of substantial shareholders in the shares of the Company

Name	Number of shares			Percentage to the issued share capital as at 31 December 2014
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTF") note 1	—	6,092,601,173	6,092,601,173	70.15
Cheng Yu Tung Family (Holdings II) Limited ("CYTF II") note 1	—	6,092,601,173	6,092,601,173	70.15
Chow Tai Fook Capital Limited ("CTFC") note 1	—	6,092,601,173	6,092,601,173	70.15
Chow Tai Fook (Holding) Limited ("CTFH") note 1	—	6,092,601,173	6,092,601,173	70.15
Chow Tai Fook Enterprises Limited ("CTF") note 2	—	6,092,601,173	6,092,601,173	70.15
New World Development Company Limited ("NWD") note 3	5,721,977,644	370,623,529	6,092,601,173	70.15

Notes :

1. CYTF and CYTF II hold 48.98% and 46.65% interests in CTFC, respectively. CTFC in turn owns 78.58% interest in CTFH which holds the entire interests in CTF. Therefore, CYTF, CYTF II, CTFC and CTFH are deemed to have interests in the shares in which CTF is deemed to be interested by virtue of its interests in NWD as mentioned in note 2 below.
2. CTF and its subsidiaries have interests in more than one-third of the issued shares of NWD and accordingly CTF is deemed to have an interest in the shares in which NWD is interested or deemed to be interested.
3. The number of shares held under the corporate interests of NWD includes 255,041,727 shares held by Easywin Enterprises Corporation Limited, its wholly-owned subsidiary, 22,508,064 shares held by Great Worth Holdings Limited, its 60.90% owned subsidiary, and 93,073,738 shares held by High Earnings Holdings Limited, its 61.31% owned subsidiary.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 31 December 2014.

SHARE OPTION SCHEME

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

During the six months ended 31 December 2014, movement of share options granted to the directors and employees of the Group under the 2002 Share Option Scheme and the 2011 Share Option Scheme was as follows:

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

Date of grant	Number of share options <i>note 1</i>			Balance as at 31 December 2014	Exercise price per share HK\$
	Balance as at 1 July 2014	Exercised during the period <i>note 2</i>	Lapsed during the period		
26 June to 23 July 2009	512,551	(504,529)	(8,022)	—	3.913
19 November to 16 December 2009	3,013	—	—	3,013	2.953
12 January to 2 February 2010	61,481	—	—	61,481	2.878
18 May to 14 June 2010	121,740	—	—	121,740	2.262
31 May to 25 June 2010	209,480	(84,000)	—	125,480	2.349
10 November to 7 December 2010	693,137	—	—	693,137	3.013
18 January to 14 February 2011	3,558,303	(498,700)	(166,233)	2,893,370	3.036
26 July to 22 August 2011	733,242	(104,000)	—	629,242	2.705
Total	5,892,947	(1,191,229)	(174,255)	4,527,463	

OTHER INFORMATION

SHARE OPTION SCHEME (Continued)

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

Date of grant	Number of share options <i>note 1</i>				Balance as at 31 December 2014	Exercise price per share HK\$
	Balance as at 1 July 2014	Granted during the period <i>note 3</i>	Exercised during the period <i>note 2</i>	Lapsed during the period		
3 May to 30 May 2012	4,071,680	—	(510,000)	(200,000)	3,361,680	2.450
22 October to 16 November 2012	448,700	—	(6,000)	—	442,700	3.370
7 January to 1 February 2013	3,824,100	—	—	—	3,824,100	3.880
2 April to 29 April 2013	1,933,990	—	(60,800)	(37,200)	1,835,990	3.350
24 June to 25 June 2013	1,168,400	—	—	—	1,168,400	2.762
15 October to 17 October 2013	1,749,900	—	(16,000)	(180,800)	1,553,100	4.010
9 January to 13 January 2014	3,739,440	—	(1,200)	(12,800)	3,725,440	3.970
10 July to 11 July 2014	—	1,266,000	—	—	1,266,000	4.720
23 October to 24 October 2014	—	1,132,000	(66,000)	(264,000)	802,000	4.420
Total	16,936,210	2,398,000	(660,000)	(694,800)	17,979,410	

Notes:

1. The share options are exercisable within five years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary years.
2. The weighted average closing prices of the shares immediately before the dates on which share options were exercised under the 2002 Share Option Scheme and the 2011 Share Option Scheme were HK\$4.680 and HK\$4.715, respectively.
3. The closing prices per share immediately before 10 July 2014 and 23 October 2014, the dates of offer to grant, were HK\$4.690 and HK\$4.280, respectively.

The fair values of the share options granted during the period with exercise prices per share of HK\$4.720 and HK\$4.420 are estimated at HK\$1.50 and HK\$1.34, respectively using the Binomial pricing model. Values are estimated based on the risk-free rate ranging from 1.17% to 1.40% per annum with reference to the rate prevailing on the Exchange Fund Notes, a five-year period historical volatility ranging from 38.80% to 40.52%, assuming dividend yield ranging from 1.58% to 1.68% and an expected option life of five years.

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

CONTINUING OBLIGATIONS UNDER CHAPTER 13 OF THE LISTING RULES

Banking facilities with covenants relating to specific performance of the controlling shareholder

In accordance with the requirements under rule 13.21 of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”), the directors of the Company reported below details of loan facilities of the Group, which exist at any time during the period and include conditions relating to specific performance of the controlling shareholder of the Company.

On 28 May 2010, the Company obtained a five-year term loan facility of up to HK\$1,000,000,000 and another term loan facilities of up to an aggregate principal amount of HK\$1,000,000,000 on 23 May 2011, which comprised a five-year term loan facility of up to a principal amount of HK\$500,000,000 and a three-year term loan facility of up to a principal amount of HK\$500,000,000 which are available in RMB, to finance general working capital of the Company. On 30 May 2012 and 17 December 2012, the Company was granted three-year term loan facilities of HK\$500,000,000 and HK\$920,000,000, respectively to fund the general corporate funding requirement of the Company and its subsidiaries, including re-financing the Company’s existing loans. The Company was further granted a three-year term loan facility of HK\$530,000,000 on 12 November 2014 to finance the Group’s general working capital requirement.

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

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

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

OTHER INFORMATION

UPDATE ON DIRECTORS' INFORMATION

Pursuant to rule 13.51B(1) of the Listing Rules, the changes in information of the directors of the Company since the date of the 2014 Annual Report are set out below:

- (1) Dr Cheng Chi-kong, Adrian was appointed as a member of Board of the West Kowloon Cultural District Authority on 23 October 2014.
- (2) Mr Cheng Kar-shing, Peter resigned as an Independent Non-Executive Director of Symphony Holdings Limited, a listed public company in Hong Kong, on 15 December 2014.
- (3) Mr Ip Yuk-keung, Albert was appointed as a Board of Governor of the World Green Organization on 1 January 2015.

AUDIT COMMITTEE

Audit Committee was established in accordance with requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee consists of four independent non-executive directors of the Company. The audit committee has reviewed the unaudited interim financial statements for the six months ended 31 December 2014 and discussed the financial related matters with management and external auditor. The unaudited interim financial statements of the Group for the six months ended 31 December 2014 have been reviewed by the Group's external auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

The directors have resolved not to declare an interim dividend for the six months ended 31 December 2014 (2013: HK\$0.04 per share).

CORPORATE GOVERNANCE CODE

The Company has complied with the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the six months ended 31 December 2014, except for the following deviation:

Code provision A.2.1

The code provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Dr Cheng Kar-shun, Henry acts as the Chairman and Managing Director of the Company. He is responsible for effective running of the Board and formulating business strategies. He also provides leadership for effective running of the Company's business and implementing the policies devised by the Board. The Board believes that Dr Cheng Kar-shun, Henry, in his dual capacity as the Chairman and Managing Director of the Company, will provide strong and consistent leadership for the development of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding directors' securities transactions. The Company has confirmed with the directors that they have complied with the standard set out in the Model Code during the period under review.

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

During the period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr Cheng Kar-shun, Henry
(Chairman and Managing Director)

Mr Cheng Kar-shing, Peter

Dr Cheng Chi-kong, Adrian

Ms Cheng Chi-man, Sonia

Mr Cheng Chi-him, Conrad

Mr Fong Shing-kwong, Michael

Ms Ngan Man-ying, Lynda

Independent Non-Executive Directors

Dr Cheng Wai-chee, Christopher

Hon Tien Pei-chun, James

Mr Lee Luen-wai, John

Mr Ip Yuk-keung, Albert

COMPANY SECRETARY

Ms Ngan Man-ying, Lynda

AUDITOR

PricewaterhouseCoopers

PRINCIPAL BANKERS

Agricultural Bank of China Ltd.

Bank of China (Hong Kong) Limited

Bank of Communications Co., Ltd.

The Bank of East Asia, Limited

China Merchants Bank Co., Ltd.

China CITIC Bank International Limited

Hang Seng Bank Limited

The Hongkong and Shanghai Banking Corporation Limited

Sumitomo Mitsui Banking Corporation

Industrial and Commercial Bank of China (Asia) Limited

WEBSITE

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Hong Kong Stock Exchange 00917

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