



New World China Land Limited

(Stock Code: 00917)



INTERIM REPORT 2012 / 2013

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FINANCIAL HIGHLIGHTS

Operating Result (HK\$'000)	6 months ended 31st December	
	2012	2011
Revenues		
Company and subsidiaries	6,548,195	7,090,290
Share of associated companies and jointly controlled entities (note 1)	464,285	518,683
	7,012,480	7,608,973
Representing:		
Sale of properties	5,776,231	5,837,252
Income from land preparatory work	—	723,795
Rental income	553,801	494,171
Income from hotel operation	243,018	265,084
Property management services fee income	211,081	92,514
Hotel management services fee income	228,349	196,157
	7,012,480	7,608,973
Gross Profit		
Company and subsidiaries	3,211,979	3,459,917
Share of associated companies and jointly controlled entities (note 2)	217,861	299,622
	3,429,840	3,759,539
Profit attributable to equity holders of the Company	2,321,074	1,803,722
Earnings per share (HK cents)		
Basic	26.82	31.13
Diluted	26.81	30.85
Interim dividend per share (HK cents)	3.00	3.00
	As at	As at
	31st December	30th June
Financial Position (HK\$'million)	2012	2012
Cash and bank balances	12,145.9	13,257.6
Total assets	106,954.6	98,123.6
Total liabilities	52,222.6	46,398.5
Capital and reserves attributable to the Company's equity holders	51,653.7	48,752.0
Financial Ratios		
Current ratio (times)	2.32	2.29
Net debt to equity ratio	34.0%	29.4%

Note 1: It represents attributable share of revenues of associated companies and jointly controlled entities to the Group.

Note 2: It represents attributable share of gross profit of associated companies and jointly controlled entities to the Group.

REVENUES (note 1)
(HK\$'000)**1H FY2013**
7,012,480**1H FY2012**
7,608,973**GROSS PROFIT** (note 2)
(HK\$'000)**1H FY2013**
3,429,840**1H FY2012**
3,759,539**PROFIT ATTRIBUTABLE TO
EQUITY HOLDERS OF THE COMPANY**
(HK\$'000)**1H FY2013**
2,321,074**1H FY2012**
1,803,722**TOTAL ASSETS**
(HK\$'million)**31st December 2012**
106,954.6**30th June 2012**
98,123.6**CAPITAL AND RESERVES
ATTRIBUTABLE TO
THE COMPANY'S EQUITY HOLDERS**
(HK\$'million)**31st December 2012**
51,653.7**30th June 2012**
48,752.0**CASH AND BANK BALANCES**
(HK\$'million)**31st December 2012**
12,145.9**30th June 2012**
13,257.6

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

CHAIRMAN'S STATEMENT

To Our Shareholders,

In the first half of FY2013, NWCL recorded a profit attributable to equity holders of the Company of HK\$2,321.1 million, representing a 28.7% year-on-year increase. GFA sold through its property sales operation reached 267,266 sq. m. with gross sale proceeds registered at approximately RMB4,776.3 million. Overall gross profit margin for property sales maintained at 51%.

Amidst the complicated economic environment around the globe in 2012, China, as a major economy in the world, experienced a period of generally stable economic growth and performance. For the four quarters of 2012, GDP grew at 8.1% year-on-year in the first quarter, 7.6% in the second quarter and 7.4% in the third quarter of the year. It remarkably went up back to 7.9% in the fourth quarter, with improved economic sentiment in general and the further implementation of austerity economic measures.

Across the spectrum of industrial sectors of the nation, the real estate sector had relatively stronger performance. In 2012, the aggregate investments in China's real estate sector amounted to RMB7,180.4 billion, up 16.2% year-on-year. Aggregate GFA of construction commenced by property developers reached 5,734.18 million sq. m., up 13.2% year-on-year. GFA sold for commodity properties amounted to 1,113.04 million sq. m., increase 1.8% year-on-year. Aggregate sales amounted to RMB6,445.6 billion, up 10%.

In fact, it was the focus of the Central Government in 2012 to expedite the change in approaches to the nation's economic development. Based on the main theme of making progress while maintaining stability, timely actions were taken to strengthen and enhance the austerity measures in place, and more importance was attached to stable growth, under which a balance was struck between social development and economic growth. In this regard, the period saw gradual slowdown in price upsurges and the further consolidation of the position of agriculture in the nation, which in turn translated to stable social conditions and further mitigation of unfavorable risk factors.

As a composer of new city life in China, NWCL has always sought to stay in line with the nation's development, by providing homes and good living environment for the general public and improving and upgrading their living experience. 2013 will be the first year in which the Central Government will be in full gear in practising the spirit enshrined under the Eighteenth People's Congress, and also an important year in the implementation of the Twelfth Five-year Plan of China. It is envisaged that proactive fiscal policies and prudent monetary policies will continue to represent the government's official standpoint. In the year ahead, the Group will continue to pay close attention to the global market. Grasping the opportunities available under the nation's main theme of working well on the economy and making progress while maintaining stability, and taking a diversified approach in property development, the Group will develop and run its Mainland China operations in a prudently optimistic manner, with a view to maximising the benefit of the Group as well as its stakeholders.

Dr. Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 27th February 2013

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In response to the on-going fiscal tightening in Euro-zone countries and the fragile recovery in the US market, Mainland China's exports plunged significantly in 2012. However, the domestic demand was resilient, on the back of the easing monetary policies introduced by the Central Government to stimulate credit growth and maintain the country's real gross domestic growth. The People's Bank of China has lowered the bank's deposit reserves rate twice in the year 2012 and reduced its benchmark interest rate by 0.25 basis point in June 2012.

On the property sector, the Central government is determined to keep a firm grip on property prices and purchase control measure to curb speculative investment, while insisting on differentiated credit and tax policies and focusing on building affordable houses. Local government policies fine-tuning the property control measures and monetary easing policies, amongst others, allowing commercial banks to offer bigger discount on mortgage interest rate to first time home buyers, gradually improved the property market sentiment. The China property market has rebounded from 2011's slump since April 2012 with higher transacted property sales volume and stable property price supported by concrete demand for new purchases and upgrade purchases increased during the period under review.

During the period under review, the Group's secured contracted sales reached RMB8,476 million with gross floor area ("GFA") of 625,465 sq.m., representing a year-on-year increase of 101% and 102% in gross sale value and sale volume respectively. The increase in sales volume reflected the gradual improvement in market condition. Included in the remaining contracted sales to be recorded, approximately 518,849 sq. m. GFA with gross sales proceeds of approximately RMB5,391 million are for those projects scheduled to be completed within the next six months and their corresponding sales revenues shall be recorded in the consolidated income statement of the second half FY2013.

For the six months ended 31st December 2012, the Group recorded a profit attributable to shareholders of HK\$2,321.07 million which represents a year-on-year increase of 29% from HK\$1,803.72 million achieved in the first half of FY2012. The Group's core profit before revaluation and amortisation for the first half of FY2013 recorded at HK\$1,433.45 million, representing an increase of 18% from HK\$1,216.42 million recorded in the corresponding period last year. The increase in profit attributable to shareholders was attributable to the overall increase in attributable operating profit ("AOP") from property sales and rental operations, increase in net foreign exchange gains and changes in fair value of investment properties.

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis of Attributable operating profit

	6 months ended 31st December	
	2012 HK\$'000	2011 HK\$'000
Property sales	1,596,849	1,346,490
Land preparatory work	—	13,336
Rental operation	278,763	172,676
Hotel operation	(68,391)	(53,149)
Property management services	(42,773)	(21,921)
Hotel management services	2,926	(6,072)
Other operations	4,568	2,801
AOP before finance costs and after taxation charge	1,771,942	1,454,161
Bank and other interest income — corporate	26,128	3,990
Deferred tax (charge)/credit on undistributed profits	(78,068)	22,353
Corporate administrative expenses	(117,398)	(115,614)
Finance costs	(169,153)	(148,473)
AOP after corporate items	1,433,451	1,216,417
Changes in fair value of investment properties, net of deferred taxation	523,866	403,477
Net foreign exchange gains	390,025	201,280
Amortisation of intangible assets	(26,268)	(17,452)
	887,623	587,305
Profit attributable to equity holders of the Company	2,321,074	1,803,722

Property sales

During the period under review, the Group's AOP from property sales operation rose 19% from an AOP of HK\$1,346.49 million achieved in the first half of FY2012 to HK\$1,596.85 million. The overall property sale volume of the Group for the period under review grew moderately by 1.7% to 267,266 sq. m. with gross sale proceeds registered at approximately RMB4,776.3 million. The increase in AOP from property sales operation was mainly due to improved effective tax on current period's recorded property sales, majority of which were from second-tier cities with relatively lower selling price and gross profit margin.

The Group's overall gross profit margin achieved during the period under review dropped 6 percentage points from 57% achieved in the first half of FY2012 to 51%. The decrease in overall gross profit margin was mainly due to difference in sale mix for both periods. The sale of Guangzhou Central Park-view, a high-end property project of the Group with high gross profit margin accounted for over 51% of the recorded sales of the first half of FY2012, whilst during the period under review, approximately 50% of the recorded sales were contributed from property projects from Shenyang, Wuhan and Chengdu which had a relatively lower gross profit margin.

In the first half of FY2013, the Group has completed six property development projects in Shenyang, Wuhan, Changsha and Guangzhou with a total GFA of 381,350 sq. m., increased 106% comparing to the corresponding period in FY2012.

Development property projects completed in 1H FY2013	Usage	Total GFA (sq. m.)	NWCL's interest
Shenyang New World Garden Phase II B (瀋陽新世界花園二期 B)	R	51,360	90%
Shenyang New World Garden Commercial Centre Phase I (瀋陽新世界商業中心一期)	C	23,058	100%
Wuhan Guanggu New World (武漢光谷新世界)	R, C, P	171,246	100%
Changsha La Ville New World Phase III A (長沙新城新世界三期 A)	R	13,088	48%
Guangzhou New World Oriental Garden Phase III (廣州東方新世界三期)	R	82,893	100%
Guangzhou Park Paradise Phase IV B (廣州嶺南新世界四期B)	R	39,705	100%
Total		381,350	

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

In the second half of FY2013, the Group plans to complete 13 projects with a total residential GFA of 1,012,178 sq. m..

Properties to be completed in 2H FY2013	Usage	Total GFA (sq. m.)	NWCL's interest
Beijing New View Garden Phase III (北京新景家園三期)	R, C	20,375	70%
Beijing Xin Yi Garden Phase III (北京新怡家園三期)	C, H, O, P	78,803	70%
Beijing Yanjing Building (北京燕京大廈)	C, P	30,627	70%
Langfang New World Centre (廊坊新世界中心)	C	4,516	100%
Anshan New World Garden Phase I A (鞍山新世界花園一期 A)	R, C, P	143,696	100%
Anshan New World Garden Phase II A (鞍山新世界花園二期 A)	R	24,969	100%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C	39,613	60%
Wuhan Changqing Garden Phase VIII (武漢常青花園八期)	R, C, P	113,515	60%
Changsha La Ville New World Phase II A (長沙新城新世界二期A)	C	2,337	48%
Changsha La Ville New World Phase III A (長沙新城新世界三期A)	R, P	165,473	48%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R, C	124,900	100%
Guiyang Jinyang Sunny Town Phase II (貴陽金陽新世界二期)	R, H, C, P	298,173	50%
Guangzhou Xintang New World Garden Phase V B (廣州新塘新世界花園五期B)	R	72,201	63%
Haikou New World Garden Phase III (海口新世界花園三期)	R	124,352	100%
Huizhou Changhuyuan Phase III (惠州長湖苑三期)	R, C, P	147,986	63%
Huiyang Palm Island Resort Phase VI (惠陽棕櫚島六期)	R	17,080	59%
Total		1,408,616	

MANAGEMENT DISCUSSION AND ANALYSIS

Rental operation

During the period under review, the Group's rental operation recorded an AOP of HK\$278.76 million, representing a 61% increase compared to the corresponding period last year. The significant increase in AOP from rental operation was mainly due to increase in rental contributions from Beijing New World Centre Shopping Mall of which the income was charged on turnover basis and Wuhan New World Centre, Wuhan New World International Trade Tower and Shunde New World Centre in which average rental rate had increased during the period under review. The increase in occupancy rate at The Canton Residence also contributed to the increase in AOP from rental operation for the period under review.

Hotel operation

During the period under review, the AOP from hotel operation recorded at a loss of HK\$68.39 million as opposed to a loss of HK\$53.15 million recorded in the corresponding period last year. The decrease in overall AOP from hotel operation was mainly due to overall slow market which led to overall decrease in patronising corporate customers and decreased AOP contribution from the Group's three hotels, namely New World Shanghai Hotel and pentahotel Beijing which were undergoing renovation during the period, and New World Shenyang Hotel which had ceased operation in November 2012. In addition, pre-operating expenses incurred for New World Beijing Hotel which is scheduled to open in July 2013 had further reduced the AOP from hotel operation.

In the second half of FY2013, the Group plans to complete two hotels in Beijing and Guiyang.

The Group's hotel portfolio currently comprises six hotels with 2,287 rooms.

Hotel portfolio	Number of rooms
pentahotel Beijing (北京貝爾特酒店)	307
New World Shanghai Hotel (上海巴黎春天新世界酒店)	605
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
Total	2,287

Hotel management services

During the period under review, the AOP from hotel management services recorded at a profit of HK\$2.93 million as opposed to a loss of HK\$6.07 million recorded in the corresponding period of FY2012. The increase in AOP from hotel management services was mainly attributable to the increase in hotel management fee income due to acquisition of Rosewood Hotels and Resorts Group which was completed in July 2011 and also securing new hotel management contracts and technical service contracts obtained during the period under review.

Liquidity and Capital Resources

As at 31st December 2012, the Group's cash and bank deposits amounted to HK\$12,146 million (30th June 2012: HK\$13,258 million).

The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK\$18,615 million (30th June 2012: HK\$15,200 million), translating into a gearing ratio of 34% (30th June 2012: 29%). The gearing ratio is calculated on the basis of net debts over total equity.

The Group's borrowings from banks and fellow subsidiaries and liabilities of bonds as at 31st December 2012 totalled HK\$28,352 million (30th June 2012: HK\$26,255 million) of which 21% were secured by way of charges over assets and 79% were unsecured.

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

	As at 31st December 2012 HK\$'million	As at 30th June 2012 HK\$'million
Repayable:		
Within one year	4,137	5,538
Between one and two years	6,710	6,255
Between two and five years	15,515	12,486
After five years	1,990	1,976
Total	28,352	26,255

As at 31st December 2012, the Group's committed unutilised bank loan facilities amounted to HK\$4,096 million (30th June 2012: HK\$4,936 million).

Capital expenditure commitments

The capital expenditure commitments of the Group as at 31st December 2012 were HK\$3,414,431,000 (30th June 2012: HK\$4,872,232,000) of which HK\$3,225,382,000 (30th June 2012: HK\$4,480,885,000) were contracted but not provided for in the financial statements and HK\$189,049,000 (30th June 2012: HK\$391,347,000) were authorised but not contracted for. The Group's share of capital expenditure commitments of jointly controlled entities amounted to HK\$141,471,000 (30th June 2012: HK\$156,827,000). 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liabilities

As at 31st December 2012, the Group has contingent liabilities of approximately HK\$1,742,591,000 (30th June 2012: HK\$1,851,736,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain jointly controlled entities.

As at 31st December 2012, 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\$1,769,788,000 (30th June 2012: HK\$1,557,714,000).

SOURCE OF BORROWINGS

31st December 2012



30th June 2012



■ Long term loans ■ Short term loans

INTEREST RATE AND MATURITY PROFILE

(HK\$'000)

After 5 years 1,990,298

2–5 years 10,275,028 5,239,601

1–2 years 6,709,523

Within 1 year 4,137,087

■ Floating rate ■ Fixed Rate

CURRENCY PROFILE OF BORROWINGS

31st December 2012



30th June 2012



■ HKD ■ RMB ■ USD

NATURE OF DEBT

31st December 2012



30th June 2012



■ Unsecured ■ Secured

Details of Charges on Group's Assets

As at 31st December 2012, the Group's property, plant and equipment, investment properties, land use rights, properties held for development and properties under development of HK\$409,750,000 (30th June 2012: HK\$419,234,000), HK\$5,277,030,000 (30th June 2012: HK\$5,093,721,000), HK\$238,461,000 (30th June 2012: HK\$235,832,000), HK\$1,704,668,000 (30th June 2012: HK\$771,429,000) and HK\$6,289,898,000 (30th June 2012: HK\$4,807,135,000) respectively have been pledged as securities for short term and 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 31st December 2012, the Group has 8,377 full-time employees. Total staff related costs incurred during the period under review were HK\$251.31 million (2011: HK\$247.70 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook

As one of the major nations in the world, China encounters problems which are no longer solely related to its national economic and social development. Instead, China needs to take a global perspective and see how its national policies can fit well with global situations and environment to enable sustainable and stable development by balancing and coordinating different interests. In the real estate sector, the Central Government has taken a proactive step in implementing a series of measures to discourage speculative activities and safeguard concrete, genuine housing demand being fulfilled. Meanwhile, policies on affordable housings have been launched to help the underprivileged class of society, while actions have been taken to push forward the progress of urbanisation in a steady pace with a view to improving the quality of urbanisation.

Currently, the real estate sector is in a healthy, orderly and stable development. Driven by the core value of 「因勢利導、順勢而為」 “Following the trend and making the best out of it”, which was laid down by China’s new administration in a bid to protecting national interests against the fast-changing environment, it is anticipated that the Central Government will continue to uphold its proactive fiscal policies and prudent monetary policies for national economic development. The core value will guide the ongoing implementation of existing policies without major deviation, thus ensuring steady transition in general.

The Group will continue to focus on developing its existing land bank in an accelerated pace. Strategies including product standardisation and geographically centralised procurement will be adopted to optimise its production processes and strictly control costs. Timely adjustment to pre-determined plans will be made in response to market changes in order to maintain sound progress in property sales while upholding its diversified approach in property development. The Group will maintain its prudently optimistic attitude with respect to the property market in Mainland China. It will closely monitor the overall situation both at home and abroad, uphold new thinking methodology in its adoption of more proactive, open-minded strategies, and get everything ready with a view to maximising the benefit of the Group as well as its stakeholders.

On behalf of the Board

Dr. Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 27th February 2013

INDEPENDENT AUDITOR'S REVIEW REPORT



羅兵咸永道

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 14 to 36, 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 31st December 2012 and the related condensed consolidated income statement, condensed consolidated statements of comprehensive income, condensed consolidated statement of changes in equity and 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, 27th February 2013

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CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31st December 2012

	Note	Unaudited 6 months ended 31st December	
		2012 HK\$'000	2011 HK\$'000
Revenues	2	6,548,195	7,090,290
Cost of sales		(3,336,216)	(3,630,373)
Gross profit		3,211,979	3,459,917
Other income	3	432,827	420,346
Other gains, net	4	401,130	218,577
Changes in fair value of investment properties		378,407	375,718
Selling expenses		(281,635)	(202,735)
Administrative and other operating expenses		(628,969)	(686,765)
Operating profit before finance costs	5	3,513,739	3,585,058
Finance costs		(188,068)	(159,346)
Share of results of			
Associated companies		38,001	18,783
Jointly controlled entities		264,391	143,336
Profit before taxation		3,628,063	3,587,831
Taxation charge	6	(1,217,259)	(1,655,135)
Profit for the period		2,410,804	1,932,696
Attributable to:			
Equity holders of the Company		2,321,074	1,803,722
Non-controlling interests		89,730	128,974
		2,410,804	1,932,696
Earnings per share	7		
Basic		26.82 cents	31.13 cents
Diluted		26.81 cents	30.85 cents
Interim dividend	8	259,897	259,357

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31st December 2012

	Unaudited	
	6 months ended 31st December	
	2012	2011
	HK\$'000	HK\$'000
Profit for the period	2,410,804	1,932,696
Other comprehensive income:		
Translation differences	833,902	165,409
Share of other comprehensive income of jointly controlled entities	84,929	36,500
Share of other comprehensive income of associated companies	(2,785)	(594)
Other comprehensive income for the period	916,046	201,315
Total comprehensive income for the period	3,326,850	2,134,011
Total comprehensive income attributable to:		
Equity holders of the Company	3,224,603	2,001,503
Non-controlling interests	102,247	132,508
	3,326,850	2,134,011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December 2012

		Unaudited As at 31st December 2012 HK\$'000	Audited As at 30th June 2012 HK\$'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	9	3,101,498	2,660,411
Investment properties	9	18,709,499	17,165,024
Land use rights	9	685,064	679,009
Intangible assets		1,967,717	1,925,141
Properties held for development		17,000,995	15,864,552
Associated companies		415,225	429,774
Jointly controlled entities		11,800,035	11,072,950
Available-for-sale financial assets		108,457	108,457
		53,788,490	49,905,318
Current assets			
Properties under development		21,165,370	17,951,504
Completed properties held for sale		6,411,579	5,060,918
Hotel inventories, at cost		3,584	4,181
Prepayments, debtors and other receivables	10	12,913,305	11,339,135
Amounts due from related companies		526,429	604,929
Cash and bank balances, unrestricted		12,145,879	13,257,612
		53,166,146	48,218,279
Total assets		106,954,636	98,123,597
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	11	866,021	864,979
Reserves		50,527,774	47,540,960
Interim dividend		259,897	—
Proposed final dividend		—	346,034
		51,653,692	48,751,973
Non-controlling interests		3,078,385	2,973,143
Total equity		54,732,077	51,725,116

		Unaudited	Audited
		As at	As at
		31st December	30th June
		2012	2012
	Note	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Long term borrowings	12	26,575,602	22,919,267
Deferred tax liabilities		2,722,968	2,460,377
		29,298,570	25,379,644
Current liabilities			
Creditors and accruals	13	6,851,908	5,883,221
Deposits received on sale of properties		7,828,194	5,161,655
Amounts due to related companies		869,563	1,345,767
Short term loans		299,967	270,699
Current portion of long term borrowings	12	3,885,774	5,267,457
Amounts due to non-controlling interests	14	102,756	101,916
Taxes payable		3,085,827	2,988,122
		22,923,989	21,018,837
Total liabilities		52,222,559	46,398,481
Total equity and liabilities		106,954,636	98,123,597
Net current assets		30,242,157	27,199,442
Total assets less current liabilities		84,030,647	77,104,760

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31st December 2012

	Unaudited	
	6 months ended 31st December	
	2012	2011
	HK\$'000	HK\$'000
Net cash used in operating activities	(719,699)	(2,145,267)
Net cash used in investing activities	(1,702,080)	(2,783,755)
Net cash from financing activities	1,158,520	4,990,974
Net (decrease)/increase in cash and cash equivalents	(1,263,259)	61,952
Cash and cash equivalents at beginning of the period	13,257,612	10,640,373
Exchange differences on cash and cash equivalents	151,526	152,034
Cash and cash equivalents at end of the period	12,145,879	10,854,359

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st December 2012

	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 1st July 2011	576,239	41,117,925	41,694,164	2,354,690	44,048,854
Translation differences	—	161,875	161,875	3,534	165,409
Share of other comprehensive income of jointly controlled entities	—	36,500	36,500	—	36,500
Share of other comprehensive income of associated companies	—	(594)	(594)	—	(594)
Other comprehensive income for the period	—	197,781	197,781	3,534	201,315
Profit for the period	—	1,803,722	1,803,722	128,974	1,932,696
Total comprehensive income for the period	—	2,001,503	2,001,503	132,508	2,134,011
Transactions with owners					
Contribution by and distribution to owners					
Issue of shares	288,224	3,968,372	4,256,596	—	4,256,596
Capital contribution from non-controlling interests	—	—	—	160,623	160,623
Share-based payments	—	6,530	6,530	—	6,530
Dividend paid	—	(230,505)	(230,505)	—	(230,505)
	288,224	3,744,397	4,032,621	160,623	4,193,244
Change in ownership interests in a subsidiary					
Acquisition of additional interests in a subsidiary	—	(4,007)	(4,007)	4,007	—
Total transactions with owners	288,224	3,740,390	4,028,614	164,630	4,193,244
Others					
Share of reserve of a jointly controlled entity	—	(34,553)	(34,553)	—	(34,553)
	288,224	3,705,837	3,994,061	164,630	4,158,691
Balance at 31st December 2011	864,463	46,825,265	47,689,728	2,651,828	50,341,556
Balance at 1st July 2012	864,979	47,886,994	48,751,973	2,973,143	51,725,116
Translation differences	—	821,385	821,385	12,517	833,902
Share of other comprehensive income of jointly controlled entities	—	84,929	84,929	—	84,929
Share of other comprehensive income of associated companies	—	(2,785)	(2,785)	—	(2,785)
Other comprehensive income for the period	—	903,529	903,529	12,517	916,046
Profit for the period	—	2,321,074	2,321,074	89,730	2,410,804
Total comprehensive income for the period	—	3,224,603	3,224,603	102,247	3,326,850
Transactions with owners					
Contribution by and distribution to owners					
Issue of shares	1,042	17,270	18,312	—	18,312
Capital contribution from non-controlling interests	—	—	—	82,995	82,995
Capital distribution	—	—	—	(80,000)	(80,000)
Share-based payments	—	5,191	5,191	—	5,191
Dividend paid	—	(346,387)	(346,387)	—	(346,387)
Total transactions with owners	1,042	(323,926)	(322,884)	2,995	(319,889)
Balance at 31st December 2012	866,021	50,787,671	51,653,692	3,078,385	54,732,077

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 31st December 2012 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 30th June 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies used in the preparation of these interim financial statements are consistent with those set out in the annual financial statements for the year ended 30th June 2012 except for the adoption of the amendment to standard which is further explained below.

The Group has adopted the following amendment to standard which is mandatory for the financial year ending 30th June 2013:

HKAS 1 Amendment	Presentation of Items of Other Comprehensive Income
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The adoption of the amendment to standard does not have any impact on the result and financial position of the Group.

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

Effective for the year ending 30th June 2014 or after

HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Associates and Joint Ventures
HKAS 32 Amendment	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities
HKFRS 1 Amendment	Government Grants
HKFRS 7 Amendment	Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 7 and HKFRS 9 Amendments	Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to HKFRS10, HKFRS11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements Project	Annual Improvements to 2009-2011 Cycle

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

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, income from land preparatory work, revenue from rental and hotel operation, property management services fee income, project management fee income and hotel management services fee income.

	6 months ended 31st December	
	2012	2011
	HK\$'000	HK\$'000
Sale of properties	5,585,747	5,549,295
Income from land preparatory work	—	723,795
Rental income	357,508	315,786
Income from hotel operation	186,445	206,995
Property management services fee income	167,642	65,088
Project management fee income	22,504	33,174
Hotel management services fee income	228,349	196,157
	6,548,195	7,090,290

- (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, land preparatory work, rental operation, hotel operation, property management services and hotel management services operations. Other operations include ancillary services in property projects.

In prior periods, the executive committee assesses the performance of the operating segments based on a measure of attributable operating profit ("AOP") before finance costs and taxation charge. With effect from the period ended 31st December 2012, the management considers AOP before finance costs and after taxation charge is a more relevant performance measurement basis to be used in the Group's internal financial and management reporting that is reviewed by the executive committee. Information for the period ended 31st December 2011 that is presented for comparative purposes has been restated accordingly. 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 of intangible assets acquired from business combinations, income and expenses at corporate office and deferred tax (charge)/credit 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

2. Revenues and Segment Information *(Continued)*

(b) *(Continued)*

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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

2. Revenues and Segment Information (Continued)

6 months ended 31st December 2011	Property sales HK\$'000	Land preparatory work 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	5,582,469	723,795	325,989	222,780	90,169	204,297	—	7,149,499
Inter-segment revenues	—	—	(10,203)	(15,785)	(25,081)	(8,140)	—	(59,209)
External revenues								
Associated companies — attributable to the Group	16,990	—	10,839	12,523	—	—	—	40,352
Jointly controlled entities — attributable to the Group	237,793	—	167,546	45,566	27,426	—	—	478,331
	5,837,252	723,795	494,171	265,084	92,514	196,157	—	7,608,973
Segment bank and other interest income								
	46,392	335	10,978	246	148	69	22	58,190
AOP before finance costs and after taxation charge								
Company and subsidiaries	1,222,615	13,336	91,544	(31,472)	(23,018)	(6,072)	14	1,266,947
Associated companies	8,448	—	3,587	(2,655)	—	—	—	9,380
Jointly controlled entities	115,427	—	77,545	(19,022)	1,097	—	2,787	177,834
	1,346,490	13,336	172,676	(53,149)	(21,921)	(6,072)	2,801	1,454,161
Additions to non-current assets other than financial instruments								
Depreciation and amortisation	2,965,519	58	85,420	12,177	1,267	1,969,843	5,500	5,039,784
Share of results of								
Associated companies	12,507	—	8,931	(2,655)	—	—	—	18,783
Jointly controlled entities	(46,651)	—	215,123	(23,313)	1,087	—	(2,910)	143,336
As at 30th June 2012								
Segment assets								
Associated companies and jointly controlled entities	53,928,098	2,567,739	17,674,896	2,293,302	204,733	2,097,686	4,430	78,770,884
Available-for-sale financial assets	3,373,635	(16,574)	7,715,589	415,252	(2,035)	7,735	9,122	11,502,724
Property, plant and equipment at corporate office								108,457
Prepayments, debtors and other receivables at corporate office								4,271
Amounts due from related companies at corporate office								175,293
Cash and bank balances at corporate office								585,231
Total assets								6,976,737
								98,123,597
Segment liabilities								
Creditors and accruals at corporate office	11,988,516	1,473	379,304	60,969	153,736	57,415	1,196	12,642,609
Taxes payable								133,296
Borrowings								2,704,776
Deferred tax liabilities								28,457,423
Total liabilities								2,460,377
								46,398,481

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 31st December	
	2012 HK\$'000	2011 HK\$'000
(i) Revenues		
Total segment revenues	7,012,480	7,608,973
Less:		
Revenues of associated companies and jointly controlled entities, attributable to the Group	(464,285)	(518,683)
Revenues as presented in condensed consolidated income statement	6,548,195	7,090,290
(ii) Profit before taxation		
AOP before finance costs and after taxation charge	1,771,942	1,454,161
Bank and other interest income — corporate	26,128	3,990
Deferred tax (charge)/credit on undistributed profits	(78,068)	22,353
Corporate administrative expenses	(117,398)	(115,614)
Finance costs	(169,153)	(148,473)
AOP after corporate items	1,433,451	1,216,417
Changes in fair value of investment properties, net of deferred taxation	523,866	403,477
Net foreign exchange gains	390,025	201,280
Amortisation of intangible assets	(26,268)	(17,452)
	887,623	587,305
Profit attributable to equity holders of the Company	2,321,074	1,803,722
Taxation charge	1,217,259	1,655,135
Profit attributable to non-controlling interests	89,730	128,974
Profit before taxation	3,628,063	3,587,831

NOTES TO THE INTERIM FINANCIAL STATEMENTS

3. Other Income

	6 months ended 31st December	
	2012	2011
	HK\$'000	HK\$'000
Tax indemnity from the ultimate holding company (note 6)	307,683	224,137
Bank and other interest income	62,555	73,933
Interest income from jointly controlled entities, net of withholding tax (note)	40,281	43,176
Trademark fee income from jointly controlled entities	22,308	79,100
	432,827	420,346

Note: The property projects of the Group's jointly controlled entities 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 jointly controlled entities is included in the share of results of jointly controlled entities as follows:

	6 months ended 31st December	
	2012	2011
	HK\$'000	HK\$'000
Share of shareholders' loan interest expenses of jointly controlled entities	(32,154)	(34,216)

4. Other Gains, Net

	6 months ended 31st December	
	2012	2011
	HK\$'000	HK\$'000
Net foreign exchange gains	406,920	209,157
(Loss)/gain on disposal of investment properties	(5,790)	9,420
	401,130	218,577

5. Operating Profit before Finance Costs

	6 months ended 31st December	
	2012	2011
	HK\$'000	HK\$'000
Operating profit before finance costs is arrived at after crediting:		
Gross rental income from investment properties	338,886	307,062
and after charging:		
Cost of properties sold	2,694,450	2,445,848
Staff costs	251,306	247,698
Outgoings in respect of investment properties	130,560	142,730
Depreciation of property, plant and equipment	92,677	97,101
Rental for leased premises	21,786	14,961
Amortisation of land use rights	10,724	11,768
Amortisation of intangible assets	26,268	17,452
Loss on disposal/write off of property, plant and equipment	645	13,952

6. Taxation Charge

	6 months ended 31st December	
	2012	2011
	HK\$'000	HK\$'000
Current taxation		
PRC corporate income tax	640,633	475,003
PRC land appreciation tax	378,026	1,140,518
Deferred taxation	198,600	39,614
	1,217,259	1,655,135

Share of taxation of associated companies and jointly controlled entities for the six months ended 31st December 2012 of HK\$3,615,000 (2011: HK\$3,935,000) and HK\$132,276,000 (2011: HK\$127,273,000) respectively are included in the condensed consolidated income statement as share of results of associated companies and jointly controlled entities.

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits in Hong Kong for the period (2011: Nil). PRC corporate income tax ("CIT") has been provided on the estimated assessable profits of subsidiaries, associated companies and jointly controlled entities operating in the PRC at 25% (2011: 25%). PRC land appreciation tax ("LAT") is provided at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

6. Taxation Charge (Continued)

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 31st March 1999. During the period, tax indemnity amounting to HK\$307,683,000 (2011: HK\$224,137,000) 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 31st December	
	2012	2011
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	2,321,074	1,803,722

	Number of shares	
	6 months ended 31st December	
	2012	2011
Weighted average number of shares for calculating basic earnings per share	8,653,393,830	5,794,073,016
Effect of dilutive potential shares:		
Share options	3,456,379	3,809,000
Convertible bonds	—	49,373,873
Weighted average number of shares for calculating diluted earnings per share	8,656,850,209	5,847,255,889

8. Interim Dividend

	6 months ended 31st December	
	2012	2011
	HK\$'000	HK\$'000
Interim dividend of HK\$0.03 (2011: HK\$0.03) per share	259,897	259,357

The directors have declared an interim dividend of HK\$0.03 per share. It will be payable on or about Wednesday, 15th May 2013 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 16th April 2013.

9. Capital Expenditure

For the six months ended 31st December 2012, the Group's additions to property, plant and equipment, investment properties and land use rights amounted to HK\$1,082,404,000 (2011: HK\$128,858,000).

10. Prepayments, Debtors and Other Receivables

	As at 31st December 2012 HK\$'000	As at 30th June 2012 HK\$'000
Trade debtors (note)	2,326,540	1,614,575
Prepaid land preparatory cost	2,996,336	2,852,963
Deposits for purchase of land	4,146,547	4,264,279
Prepayment for proposed development projects	923,111	185,244
Prepaid taxes	1,141,296	1,048,519
Other prepayments, deposits and receivables	1,379,475	1,373,555
	12,913,305	11,339,135

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 31st December 2012 HK\$'000	As at 30th June 2012 HK\$'000
0 to 30 days	598,105	851,533
31 to 60 days	656,320	120,811
61 to 90 days	222,762	56,752
Over 90 days	849,353	585,479
	2,326,540	1,614,575

NOTES TO THE INTERIM FINANCIAL STATEMENTS

11. Share Capital

	As at 31st December 2012 HK\$'000	As at 30th June 2012 HK\$'000
Authorised:		
Shares of HK\$0.10 each		
At the beginning of the period	3,000,000	800,000
Increase in authorised share capital (note (i))	—	2,200,000
At the end of the period	3,000,000	3,000,000
Issued and fully paid:		
8,660,211,591 (30th June 2012: 8,649,792,519) shares of HK\$0.10 each	866,021	864,979

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 1st July 2011	5,762,392,911	576,239
Exercise of share options (note (ii))	6,093,153	609
Rights issue (note (iii))	2,881,306,455	288,131
At 30th June 2012	8,649,792,519	864,979
Exercise of share options (note (ii))	10,419,072	1,042
At 31st December 2012	8,660,211,591	866,021

- (i) Pursuant to an ordinary resolution passed on 22nd November 2011, the authorised share capital of the Company was increased from HK\$800,000,000 to HK\$3,000,000,000 by the creation of additional 22,000,000,000 shares of HK\$0.10 each.

(ii) Pursuant to the share option scheme adopted on 26th November 2002 (“2002 Share Option Scheme”) and the share option scheme adopted on 22nd 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 31st December 2012 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 1st July 2012	Exercised during the period	Lapsed during the period	At 31st December 2012	At 31st December 2012
14th June 2007	5.769 ⁽¹⁾	1,156,968	—	(1,156,968)	—	—
17th October 2007	6.939 ⁽¹⁾	976,002	—	(976,002)	—	—
28th December 2007	5.994 ⁽¹⁾	858,305	—	—	858,305	858,305
22nd April 2008	4.523 ⁽¹⁾	480,557	—	(57,685)	422,872	422,872
31st July 2008	3.148 ⁽¹⁾	222,369	(150,000)	—	72,369	72,369
12th November 2008	1.447 ⁽¹⁾	452,933	(292,000)	—	160,933	160,933
2nd December 2008	1.290 ⁽²⁾	8,274,414	(6,721,384)	—	1,553,030	1,553,030
2nd December 2008	1.290 ⁽¹⁾	1,318,937	(80,000)	(11,443)	1,227,494	712,136
3rd February 2009	1.703 ⁽¹⁾	335,532	(59,218)	—	276,314	58,881
26th June 2009	3.913 ⁽¹⁾	3,130,605	—	—	3,130,605	2,504,483
19th November 2009	2.953 ⁽¹⁾	2,306,493	(310,000)	—	1,996,493	1,073,895
12th January 2010	2.878 ⁽¹⁾	3,840,914	(752,000)	(253,589)	2,835,325	1,438,795
18th May 2010	2.262 ⁽¹⁾	487,750	(160,000)	—	327,750	81,059
31st May 2010	2.349 ⁽¹⁾	820,597	(248,000)	—	572,597	157,013
10th November 2010	3.013 ⁽¹⁾	3,768,103	(590,000)	(459,143)	2,718,960	1,445,776
18th January 2011	3.036 ⁽¹⁾	13,994,597	(24,000)	—	13,970,597	5,573,840
3rd May 2011	2.753 ⁽¹⁾	1,400,935	(300,550)	—	1,100,385	259,824
26th July 2011	2.705 ⁽¹⁾	1,633,662	(186,000)	—	1,447,662	467,466
		45,459,673	(9,873,152)	(2,914,830)	32,671,691	16,840,677

NOTES TO THE INTERIM FINANCIAL STATEMENTS

11. Share Capital (Continued)

(ii) (Continued)

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

Date of offer to grant	Exercise price per share HK\$	Number of share options				Number of share options exercisable	
		At 1st July 2012	Granted during the period	Exercised during the period	Lapsed during the period	At 31st December 2012	At 31st December 2012
3rd May 2012	2.450 ⁽¹⁾	8,098,600	—	(545,920)	—	7,552,680	1,025,800
22nd October 2012	3.370 ⁽¹⁾	—	722,000	—	—	722,000	144,400
		8,098,600	722,000	(545,920)	—	8,274,680	1,170,200

Notes:

- (1) On dates of grant, the share options are divided into 5 tranches and exercisable within a period of 5 years commencing on the expiry of one month after the dates on which the options were accepted.
- (2) On dates of grant, the share options are divided into 4 tranches and exercisable within a period of 4 years commencing on the expiry of one month after the dates on which the options were accepted.
- (3) The weighted average share price under the 2002 Share Option Scheme and the 2011 Share Option Scheme at the time of exercise during the six months ended 31st December 2012 was HK\$3.604 per share (year ended 30th June 2012: HK\$2.417 per share) and HK\$3.626 per share (year ended 30th June 2012: HK\$3.011 per share), respectively.

(iii) During the year ended 30th June 2012, 2,881,306,455 shares of HK\$0.10 each were issued at HK\$1.49 per share by the way of rights issue on the basis of one rights share for every two existing shares ("Rights issue").

12. Long Term Borrowings

	As at 31st December 2012 HK\$'000	As at 30th June 2012 HK\$'000
Bank loans (note (i))		
Secured	5,842,098	5,458,414
Unsecured	14,344,888	12,689,521
Loans from fellow subsidiaries (note (ii))	2,624,983	2,620,473
Loans from non-controlling interests (note (iii))	48,654	47,772
Advances from participating interest (note (iv))	2,361,152	2,155,069
Fixed rate bonds (note (v))	5,239,601	5,215,475
	30,461,376	28,186,724
Current portion included in current liabilities	(3,885,774)	(5,267,457)
	26,575,602	22,919,267

Notes:

(i) The bank loans are repayable as follows:

	Secured		Unsecured		Total	
	As at 31st December 2012 HK\$'000	As at 30th June 2012 HK\$'000	As at 31st December 2012 HK\$'000	As at 30th June 2012 HK\$'000	As at 31st December 2012 HK\$'000	As at 30th June 2012 HK\$'000
Within one year	1,174,282	656,077	2,662,838	4,611,380	3,837,120	5,267,457
Between one and two years	570,000	1,275,556	3,514,540	2,358,486	4,084,540	3,634,042
Between two and five years	2,533,143	1,831,659	7,741,885	5,438,557	10,275,028	7,270,216
After five years	1,564,673	1,695,122	425,625	281,098	1,990,298	1,976,220
	5,842,098	5,458,414	14,344,888	12,689,521	20,186,986	18,147,935

(ii) The loans from fellow subsidiaries are repayable between two and five years. The loans from fellow subsidiaries are unsecured and bear interest at three months Hong Kong Interbank Offered Rate ("HIBOR") (30th June 2012: three months HIBOR) per annum.

(iii) The loans from non-controlling interests are unsecured, bear interest at 5% (30th June 2012: 5%) per annum and have repayment terms as specified in the loan agreement.

(iv) The advances from participating interest of certain property projects are unsecured, interest free and repayable in accordance with the terms as specified in the agreements entered into between the Group and the participating interest.

(v) On 29th March 2012 and 12th April 2012, the Company issued 8.5% bonds in the aggregate amounts of RMB2,800 million and RMB1,500 million (equivalent to approximately HK\$3,500 million and HK\$1,875 million) respectively.

RMB2,800 million of the bonds were issued at a price of 100 per cent of the principal amount. RMB1,500 million of the bonds were issued at a price of 100.972% of the principal amount, resulting in a premium on issue of RMB14.6 million (equivalent to approximately HK\$18.3 million).

These bonds bear interest with a coupon rate of 8.5% per annum, payable semi-annually in arrears on 11th April and 11th 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 11th April 2015 at the principal amount.

13. Creditors and Accruals

	As at 31st December 2012 HK\$'000	As at 30th June 2012 HK\$'000
Trade creditors (note (i))	5,606,030	4,743,957
Other creditors and accruals (note (ii))	1,245,878	1,139,264
	6,851,908	5,883,221

NOTES TO THE INTERIM FINANCIAL STATEMENTS

13. Creditors and Accruals (Continued)

Notes:

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

	As at 31st December 2012 HK\$'000	As at 30th June 2012 HK\$'000
0 to 30 days	5,301,390	4,350,401
31 to 60 days	10,831	24,877
61 to 90 days	43,176	38,421
Over 90 days	250,633	330,258
	5,606,030	4,743,957

(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\$1,742,591,000 (30th June 2012: HK\$1,851,736,000) given in respect of bank loan facilities extended to certain jointly controlled entities. As at 31st December 2012, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the jointly controlled entities was approximately HK\$1,213,732,000 (30th June 2012: HK\$1,260,419,000).

(ii) Guarantees in respect of mortgage facilities

As at 31st December 2012, 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\$1,769,788,000 (30th June 2012: HK\$1,557,714,000). 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.

16. Commitments

Capital expenditure commitments

(i) The capital expenditure commitments of the Group are as follows:

	As at 31st December 2012 HK\$'000	As at 30th June 2012 HK\$'000
Authorised but not contracted for		
Purchase consideration for proposed development projects	108,000	108,000
Property, plant and equipment	81,049	283,347
	189,049	391,347
Contracted but not provided for		
Property, plant and equipment	1,808,371	522,494
Investment properties	1,417,011	3,958,391
	3,225,382	4,480,885
	3,414,431	4,872,232

(ii) The Group's share of capital expenditure commitment of jointly controlled entities not included above is as follows:

	As at 31st December 2012 HK\$'000	As at 30th June 2012 HK\$'000
Authorised but not contracted for investment properties	58,570	62,043
Contracted but not provided for investment properties	82,901	94,784
	141,471	156,827

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 31st December	
	2012 HK\$'000	2011 HK\$'000
Interest expense on loans from fellow subsidiaries	4,510	3,286
Rental expense for leased premises to fellow subsidiaries	10,004	8,382
Property agency fee paid to fellow subsidiaries	4,245	4,332
Purchase of goods from fellow subsidiaries	3,965	4,290
Interest income from jointly controlled entities	46,720	48,883
Property management services fee income from fellow subsidiaries, a jointly controlled entity and related companies	20,603	181
Rental income from fellow subsidiaries, a jointly controlled entity and related companies	60,358	57,456
Hotel management services fee income from fellow subsidiaries, jointly controlled entities, an associated company and related companies	42,900	44,537
Project management fee income from jointly controlled entities and related companies	6,980	4,128
Trademark fee income from jointly controlled entities	22,308	79,100

These related party transactions were in accordance with the terms as disclosed in the 2012 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\$77,778,000 (2011: HK\$93,469,000). 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 31st March 1999. During the period, tax indemnity amounting to HK\$307,683,000 (2011: HK\$224,137,000) was effected (note 6).
- (iv) During the period ended 31st December 2012, the Group sold a commercial property to Shenyang New World Department Store Ltd., a fellow subsidiary of the Group, for a consideration of RMB415,046,000 (equivalent to HK\$512,403,000).

18. Event after the reporting period

On 6th February 2013, the Company issued 5.5% bonds in the aggregate amounts of RMB3,000 million (equivalent to approximately HK\$3,750 million). The bonds were issued at a price of 100 per cent of the principal amount, bear interest at a coupon rate of 5.5% per annum, payable semi-annually in arrears on 6th February and 6th 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 6th February 2018 at the principal amount.

OTHER INFORMATION

Directors' Interests in Securities

As at 31st December 2012, the interests of the directors and their associates in shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

(A) Long position in shares

	Number of shares				Percentage to the relevant issued share capital at 31st December 2012
	Personal interests	Family interests	Corporate interests	Total	
New World China Land Limited					
(Ordinary shares of HK\$0.10 each)					
Dr. Cheng Kar-shun, Henry	29,985,826	4,387,500	117,610,200 ⁽¹⁾	151,983,526	1.755
Mr. Doo Wai-hoi, William	755,961	—	1,317,000 ⁽²⁾	2,072,961	0.024
Ms. Cheng Chi-man, Sonia	168,400	—	—	168,400	0.002
Mr. Fong Shing-kwong, Michael	2,068,895	—	—	2,068,895	0.024
Dr. Cheng Wai-chee, Christopher	387,448	—	—	387,448	0.004
Hon. Tien Pei-chun, James	387,448	—	—	387,448	0.004
Mr. Lee Luen-wai, John	387,448	—	—	387,448	0.004
New World Development Company Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	450,000	—	450,000	0.007
Mr. Doo Wai-hoi, William	—	—	1,500,000 ⁽²⁾	1,500,000	0.024
Mr. Fong Shing-kwong, Michael	213,182	—	—	213,182	0.003
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	0.833
Mr. Doo Wai-hoi, William	3,527,834	—	8,330,782 ⁽²⁾	11,858,616	0.325
Mr. Cheng Kar-shing, Peter	256,600	—	5,181,079 ⁽³⁾	5,437,679	0.149
Mr. Fong Shing-kwong, Michael	2,431,060	—	—	2,431,060	0.067
Dr. Cheng Wai-chee, Christopher	2,367,154	—	—	2,367,154	0.065
New World Department Store China Limited					
(Ordinary shares of HK\$0.10 each)					
Ms. Cheng Chi-man, Sonia	92,000	—	—	92,000	0.005

OTHER INFORMATION

Directors' Interests in Securities (Continued)

(A) Long position in shares (Continued)

	Number of shares			Total	Percentage to the relevant issued share capital at 31st December 2012
	Personal interests	Family interests	Corporate interests		
Dragon Fortune Limited (Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	15,869 ⁽⁴⁾	15,869	27.41
Mega Choice Holdings Limited (in liquidation) (Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	—	420,585,070 ⁽¹⁾	420,585,070	34.61
Sun City Holdings Limited (Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	80,000	3,570,000 ⁽⁵⁾	3,650,000	45.63
Sun Legend Investments Limited (Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	500 ⁽⁶⁾	500	50.00

Notes:

1. These shares are beneficially owned by companies wholly-owned by Dr. Cheng Kar-shun, Henry.
2. These shares are beneficially owned by companies wholly-owned by Mr. Doo Wai-hoi, William.
3. These shares are beneficially owned by a company wholly-owned by Mr. Cheng Kar-shing, Peter.
4. 4,102 shares are held by a company wholly-owned by Mr. Cheng Kar-shing, Peter and 11,767 shares are held by Sun City Holdings Limited ("Sun City"), of which Mr. Cheng is deemed to be interested in 45.63% of its issued share capital.
5. These shares are held by a company of which Mr. Cheng Kar-shing, Peter owns an indirect interest of 49.58%.
6. Mr. Cheng Kar-shing, Peter is deemed to be interested in these shares by virtue of his interests in Sun City.

(B) Long position in underlying shares — share options

(1) *The Company*

Under the share option scheme of the Company adopted on 26th 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 (note)	Number of share options			Balance as at 31st December 2012	Exercise price per share HK\$
			Balance as at 1st July 2012	Exercised during the period	Re-classified during the period (note 6)		
Dr. Cheng Kar-shun, Henry	29th December 2008 18th January 2011	(1)	1,860,826	(1,860,826) ⁽⁷⁾	—	—	1.290
		(2)	2,077,922	—	—	2,077,922	3.036
Mr. Doo Wai-hoi, William	29th December 2008 18th January 2011	(1)	755,961	(755,961) ⁽⁸⁾	—	—	1.290
		(2)	831,169	—	—	831,169	3.036
Mr. Cheng Kar-shing, Peter	29th December 2008 18th January 2011	(1)	755,961	—	—	755,961	1.290
		(2)	831,169	—	—	831,169	3.036
Mr. Cheng Chi-kong, Adrian	29th December 2008 18th January 2011	(3)	350,425	—	—	350,425	1.290
		(2)	1,558,442	—	—	1,558,442	3.036
Ms. Cheng Chi-man, Sonia	29th December 2008	(4)	785,269	—	—	785,269	1.290
Mr. Fong Shing-kwong, Michael	18th January 2011	(2)	519,481	—	—	519,481	3.036
Ms. Ngan Man-ying, Lynda	29th December 2008 18th January 2011	(5)	177,234	(176,000) ⁽⁹⁾	—	1,234	1.290
		(2)	1,038,961	—	—	1,038,961	3.036
Dr. Cheng Wai-chee, Christopher	29th December 2008 18th January 2011	(1)	88,048	(88,048) ⁽¹⁰⁾	—	—	1.290
		(2)	311,688	—	—	311,688	3.036
Hon. Tien Pei-chun, James	29th December 2008 18th January 2011	(1)	88,048	(88,048) ⁽¹⁰⁾	—	—	1.290
		(2)	311,688	—	—	311,688	3.036
Mr. Lee Luen-wai, John	29th December 2008 18th January 2011	(1)	88,048	(88,048) ⁽¹⁰⁾	—	—	1.290
		(2)	311,688	—	—	311,688	3.036
Mr. Chow Yu-chun, Alexander*	29th December 2008 18th January 2011	(1)	581,508	(581,508) ⁽¹¹⁾	—	—	1.290
		(2)	519,481	—	(519,481)	—	3.036
Total			13,843,017	(3,638,439)	(519,481)	9,685,097	

* resigned on 28th December 2012

OTHER INFORMATION

Directors' Interests in Securities (Continued)

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

(1) The Company (Continued)

Notes:

1. Divided into 4 tranches, exercisable from 30th January 2009, 30th January 2010, 30th January 2011 and 30th January 2012, respectively to 29th January 2013.
2. Divided into 5 tranches, exercisable from 19th February 2011, 19th February 2012, 19th February 2013, 19th February 2014 and 19th February 2015, respectively to 18th February 2016.
3. Divided into 2 tranches, exercisable from 30th January 2011 and 30th January 2012, respectively to 29th January 2013.
4. Divided into 5 tranches, exercisable from 30th January 2009, 30th January 2010, 30th January 2011, 30th January 2012 and 30th January 2013, respectively to 29th January 2014.
5. Exercisable from 30th January 2012 to 29th January 2013.
6. The interests of Mr. Chow Yu-chun, Alexander in the share options were re-classified as employee's interests due to his resignation as a non-executive director of the Company on 28th December 2012.
7. The exercise date was 12th November 2012. On the trading date immediately before the exercise date, the closing price per share was HK\$3.80.
8. The exercise date was 15th November 2012. On the trading date immediately before the exercise date, the closing price per share was HK\$3.66.
9. The exercise date was 5th November 2012. On the trading date immediately before the exercise date, the closing price per share was HK\$3.86.
10. The exercise date was 8th November 2012. On the trading date immediately before the exercise date, the closing price per share was HK\$3.89.
11. The exercise date was 24th October 2012. On the trading date immediately before the exercise date, the closing price per share was HK\$3.37.
12. 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 (note)	Number of share options			Exercise price per share	
			Balance as at 1st July 2012	Exercised during the period	Adjusted during the period (note 3)		Balance as at 31st December 2012
Dr. Cheng Kar-shun, Henry	19th March 2012	(1)	10,001,320	—	5,575	10,006,895	9.764
Mr. Cheng Kar-shing, Peter	19th March 2012	(1)	500,066	—	278	500,344	9.764
Mr. Cheng Chi-kong, Adrian	19th March 2012	(1)	3,500,462	—	1,951	3,502,413	9.764
Ms. Cheng Chi-man, Sonia	19th March 2012	(1)	3,000,396	—	1,672	3,002,068	9.764
Mr. Fong Shing-kwong, Michael	19th March 2012	(1)	2,500,330	(420,000)	1,159	2,081,489	9.764
Mr. Lee Luen-wai, John	19th March 2012	(1)	500,066	—	278	500,344	9.764
Total			20,002,640	(420,000)	10,913	19,593,553	

Notes:

1. Divided into 4 tranches, exercisable from 19th March 2012, 19th March 2013, 19th March 2014 and 19th March 2015, respectively to 18th March 2016.
2. The cash consideration paid by each of the directors for grant of the share options is HK\$10.
3. NWD declared final dividend for the year ended 30th June 2012 in scrip form (with cash option) during the period. Accordingly, adjustment was made to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$9.769 to HK\$9.764 on 31st December 2012.

OTHER INFORMATION

Directors' Interests in Securities (Continued)**(B) Long position in underlying shares — share options** (Continued)**(3) NWS Holdings Limited**

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

Name of director	Date of grant	Exercisable period (note)	Number of share options			Exercise price per share HK\$
			Balance as at 1st July 2012	Exercised during the period	Balance as at 31st December 2012	
Dr. Cheng Kar-shun, Henry	21st August 2007	(1)	1,832,309	(1,832,309)	—	10.609
		(2)	2,748,464	(2,748,464)	—	10.609
Dr. Cheng Wai-chee, Christopher	21st August 2007	(1)	366,458	(366,458)	—	10.609
		(2)	549,693	(549,693)	—	10.609
Total			5,496,924	(5,496,924)	—	

Notes:

1. Exercisable from 21st August 2008 to 20th August 2012.
2. Divided into 3 tranches, exercisable from 21st August 2009, 21st August 2010 and 21st August 2011, respectively to 20th August 2012.
3. The cash consideration paid by each of the directors for grant of the share options is HK\$10.

(4) New World Department Store China Limited

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

Name of director	Date of grant	Exercisable period (note)	Number of share options		Balance as at 31st December 2012	Exercise price per share HK\$
			Balance as at 1st July 2012	Exercised during the period		
Dr. Cheng Kar-shun, Henry	27th November 2007	(1)	1,000,000	—	1,000,000	8.660
Mr. Cheng Chi-kong, Adrian	27th November 2007	(1)	500,000	—	500,000	8.660
Ms. Ngan Man-ying, Lynda	27th November 2007	(1)	500,000	—	500,000	8.660
Total			2,000,000	—	2,000,000	

Notes:

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

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 31st December 2012 were as follows:

Name of director	Amount of debentures in RMB issued by the Company			Total	Percentage to the total debentures in issue as at 31st December 2012
	Personal interests	Family interests	Corporate interests (note)		
Mr. Doo Wai-hoi, William	—	106,000,000	45,600,000	151,600,000	3.53
Mr. Cheng Chi-him, Conrad	6,000,000	—	—	6,000,000	0.14
Mr. Fong Shing-kwong, Michael	5,800,000	—	—	5,800,000	0.13
Total	11,800,000	106,000,000	45,600,000	163,400,000	

Note: These debentures are held by a company wholly-owned by Mr. Doo Wai-hoi, William.

(2) Fita International Limited

The following directors have interests in the debentures issued by Fita International Limited ("Fita"), a wholly-owned subsidiary of NWD. Details of the debentures of Fita held by them as at 31st December 2012 were as follows:

Name of director	Amount of debentures in USD issued by Fita			Total	Percentage to the total debentures in issue as at 31st December 2012
	Personal interests	Family interests	Corporate interests (note)		
Mr. Doo Wai-hoi, William	—	2,900,000	1,240,000	4,140,000	0.55
Mr. Lee Luen-wai, John	1,000,000	1,000,000	—	2,000,000	0.27
Total	1,000,000	3,900,000	1,240,000	6,140,000	

Note: These debentures are held by a company wholly-owned by Mr. Doo Wai-hoi, William.

(3) Rosy Unicorn Limited

The following director has interest in the debentures issued by Rosy Unicorn Limited (“Rosy Unicorn”), a wholly-owned subsidiary of NWS. Details of the debentures of Rosy Unicorn held by him as at 31st December 2012 were as follows:

Name of director	Amount of debentures in USD issued by Rosy Unicorn			Total	Percentage to the total debentures in issue at 31st December 2012
	Personal Interests	Family interests	Corporate interests (note)		
Mr. Doo Wai-hoi, William	—	51,500,000	22,840,000	74,340,000	14.87

Note: These debentures are held by a company wholly-owned by Mr. Doo Wai-hoi, William.

Save as disclosed above, as at 31st December 2012, none of the directors, chief executives or any of their associates had or deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

OTHER INFORMATION

Substantial Shareholders' Interests in Securities

As at 31st December 2012, 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 31st December 2012
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTF") (note 1)	—	6,092,601,173	6,092,601,173	70.35
Cheng Yu Tung Family (Holdings II) Limited ("CYTF II") (note 1)	—	6,092,601,173	6,092,601,173	70.35
Chow Tai Fook Capital Limited ("CTFC") (note 1)	—	6,092,601,173	6,092,601,173	70.35
Chow Tai Fook (Holding) Limited ("CTFH") (note 1)	—	6,092,601,173	6,092,601,173	70.35
Chow Tai Fook Enterprises Limited ("CTF") (note 2)	—	6,092,601,173	6,092,601,173	70.35
New World Development Company Limited ("NWD") (note 3)	5,721,977,644	370,623,529	6,092,601,173	70.35

Notes:

1. CYTF and CYTF II hold 48.98% and 46.65% interests in CTFC, respectively. CTFC in turn owns 74.07% 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% owned subsidiary, and 93,073,738 shares held by High Earnings Holdings Limited, its 60.73% 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 31st December 2012.

Share Option Scheme

On 26th 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 26th 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 22nd 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 31st December 2012, 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 (note 1)					Exercise price per share HK\$
	Balance as at 1st July 2012	Exercised during the period (note 4)	Re-classified as employee’s interest during the period (note 5)	Lapsed during the period	Balance as at 31st December 2012	
14th June to 11th July 2007	1,156,968	—	—	(1,156,968)	—	5.769
17th October to 13th November 2007	976,002	—	—	(976,002)	—	6.939
28th December 2007 to 24th January 2008	858,305	—	—	—	858,305	5.994
22nd April to 19th May 2008	480,557	—	—	(57,685)	422,872	4.523
31st July to 27th August 2008	222,369	(150,000)	—	—	72,369	3.148
12th November to 9th December 2008	452,933	(292,000)	—	—	160,933	1.447
2nd December to 29th December 2008	3,528,355 ⁽²⁾	(3,082,945)	—	—	445,410	1.290
2nd December to 29th December 2008	533,668	(80,000)	—	(11,443)	442,225	1.290
3rd February to 2nd March 2009	335,532	(59,218)	—	—	276,314	1.703
26th June to 23rd July 2009	3,130,605	—	—	—	3,130,605	3.913
19th November to 16th December 2009	2,306,493	(310,000)	—	—	1,996,493	2.953
12th January to 2nd February 2010	3,840,914	(752,000)	—	(253,589)	2,835,325	2.878
18th May to 14th June 2010	487,750	(160,000)	—	—	327,750	2.262
31st May to 25th June 2010	820,597	(248,000)	—	—	572,597	2.349
10th November to 7th December 2010	3,768,103	(590,000)	—	(459,143)	2,718,960	3.013
18th January to 14th February 2011	5,682,908	(24,000)	519,481	—	6,178,389	3.036
3rd May to 30th May 2011	1,400,935	(300,550)	—	—	1,100,385	2.753
26th July to 22nd August 2011	1,633,662	(186,000)	—	—	1,447,662	2.705
Total	31,616,656	(6,234,713)	519,481	(2,914,830)	22,986,594	

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 (note 1)				Balance as at 31st December 2012	Exercise price per share
	Balance as at 1st July 2012	Granted during the period (note 3)	Exercised during the period (note 4)	Lapsed during the period		
3rd May to 30th May 2012	8,098,600	—	(545,920)	—	7,552,680	2.45
22nd October to 16th November 2012	—	722,000	—	—	722,000	3.37
Total	8,098,600	722,000	(545,920)	—	8,274,680	

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, except otherwise specified in note 2.
2. The share options are exercisable within four years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 25% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary years.
3. The closing price per share immediately before 22nd October 2012, the date of offer to grant, was HK\$3.33.
4. The weighted average closing price of the shares immediately before the dates on which share options were exercised under the 2002 Share Option Scheme and the 2011 Share Option Scheme was HK\$3.516 and HK\$3.558, respectively.
5. As disclosed under the section headed "Directors' interests in securities", the interests of a former director of the Company in the share options were re-classified as employee's interests on 28th December 2012 due to his resignation.

The fair value of the share options granted during the period with exercise price per share of HK\$3.37 is estimated at HK\$1.25 using the Binomial pricing model. Value is estimated based on the risk-free rate at 0.34% per annum with reference to the rate prevailing on the Exchange Fund Notes, a 5.08-year period historical volatility of 54.70%, assuming dividend yield of 2.63% and an expected option life of 5 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 Listing Rules, the directors of the Company reported below details of loan facilities, which exist at any time during the period and include conditions relating to specific performance of the controlling shareholder of the Company.

On 28th May 2010, the Company obtained a 5-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 23rd May 2011, which comprised a 5-year term loan facility of up to a principal amount of HK\$500,000,000 and a 3-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 30th May 2012, the Company was granted a 3-year term loan facility of HK\$500,000,000 to fund the general corporate funding requirement of the Company and its subsidiaries, including refinancing the Company's existing loans and was further granted a 3-year term loan facility of HK\$920,000,000 on 17th December 2012 to finance general working capital requirement of the Company and its subsidiaries.

On 28th December 2007, Superb Wealthy Group Limited ("Superb Wealthy"), a wholly-owned subsidiary, was granted 5-year term/revolving loan facilities of HK\$700,000,000 which was refinanced by a 3-year loan facility of HK\$630,000,000 on 19th December 2012. On 30th September 2008 and 16th October 2008, Superb Wealthy was also granted loan facilities of HK\$700,000,000 and HK\$400,000,000 for 3 years which were renewed for further 5 and 3 years, respectively. The principal amount of the said HK\$700,000,000 facility was reduced to HK\$400,000,000 during the period. In addition, Superb Wealthy was granted loan facilities of HK\$250,000,000, HK\$100,000,000, HK\$500,000,000, HK\$700,000,000, HK\$100,000,000, HK\$200,000,000, HK\$450,000,000 and HK\$500,000,000 for a term of 2 to 5 years on 29th October 2009, 19th April 2010, 28th May 2010, 5th July 2010, 21st October 2011, 4th January 2012, 7th May 2012 and 30th July 2012, respectively.

On 30th October 2007, New World China Finance (BVI) Limited ("NWCF"), a wholly-owned subsidiary, was granted a 5-year term loan facility of HK\$2,700,000,000. It was further granted a 3-year term loan facility of HK\$200,000,000 on 11th April 2011 and additional facilities in an aggregate amount of HK\$1,200,000,000 and USD38,560,500 with a tenor of 3 years on 19th June 2012. New World Development (China) Limited ("NWDC"), a wholly-owned subsidiary, was also granted a 3-year term loan facility of HK\$250,000,000 on 31st December 2009 which was increased to HK\$500,000,000 on 9th July 2012 with a tenor of 3 years. Spread Glory Investments Limited ("Spread Glory"), a wholly-owned subsidiary, was also granted a 3-year loan facility of HK\$600,000,000 on 24th September 2012. The facilities obtained by NWCF, Superb Wealthy, NWDC and Spread Glory will be utilised to finance the investment in property projects, repay borrowings and fund the general working capital requirement of the Company and its subsidiaries. On 25th July 2011, New World Hotel Management (BVI) Limited, a wholly-owned subsidiary, was granted a 5-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 2012 Annual Report are set out below:

1. Mr. Chow Yu-chun, Alexander resigned as a Non-Executive Director of the Company on 28th December 2012.
2. Mr. Ip Yuk-keung, Albert was appointed as an Independent Non-Executive Director of the Company as well as a member of Audit Committee, Remuneration Committee and Nomination Committee on 28th December 2012. He was appointed as an Adjunct Scholar of the University of Macau effective on 1st March 2013.
3. From 2008 to January 2013, Mr. Doo Wai-hoi, William has served as the Standing Committee Member as well as the Convener of the Hong Kong and Macau members for the Eleventh Chinese People's Political Consultative Conference ("CPPCC") in Shanghai. In February 2013, he was appointed as a National Committee Member of the Twelfth CPPCC.
4. Ms. Cheng Chi-man, Sonia was appointed as a member of the Eleventh Guizhou Municipal Committee of The Chinese People's Political Consultative Conference during the period.
5. Ms. Ngan Man-ying, Lynda was re-designated as a Non-Executive Director of New World Department Store China Limited, a listed public company in Hong Kong, on 10th December 2012.
6. Mr. Lee Luen-wai, John retired as a member of the Hospital Authority and the Chairman of its Finance Committee with effect from 1st December 2012 and retired as a member of Non-local Higher and Professional Educational Appeal Board with effect from 8th December 2012.
7. The Hon. Tien Pei-chun, James has been elected as a Legislative Council member for a term of four years with effect from 1st October 2012.

Interim Dividend

The directors have declared an interim dividend of HK\$0.03 per share for the year ending 30th June 2013. It will be payable on or about Wednesday, 15th May 2013 to shareholders whose names appear on the Register of Members on Tuesday, 16th April 2013.

Closure of Register of Members

The Register of Members will be closed from Monday, 15th April 2013 to Tuesday, 16th April 2013 (both days inclusive). In order to establish entitlements to the declared interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 12th April 2013.

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 31st December 2012 and discussed the financial related matters with management and external auditor. The unaudited interim financial statements of the Group for the six months ended 31st December 2012 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 Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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 31st December 2012, except for the following deviations:

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.

Code provision E.1.2

The code provision E.1.2 provides (among other things) that the chairman of the board should attend annual general meeting. Dr. Cheng Kar-shun, Henry, the Chairman of the Board, was not able to attend the annual general meeting of the Company held on 21st November 2012 ("Meeting") owing to other commitment in the PRC. Mr. Doo Wai-hoi, William, who took the chair of the Meeting, together with other members of the Board and the Audit and Remuneration Committees who attended the Meeting, were of sufficient calibre for answering questions at the Meeting.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in Appendix 10 to the Listing Rules 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
Mr. Cheng Chi-kong, Adrian
Ms. Cheng Chi-man, Sonia
Mr. Cheng Chi-him, Conrad
Mr. Fong Shing-kwong, Michael
Ms. Ngan Man-ying, Lynda

Non-Executive Director

Mr. Doo Wai-hoi, William (*Vice-Chairman*)

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

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

Website

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Registered Office

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Ugland House
Grand Cayman KY1-1104
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

9/F., New World Tower 1
18 Queen's Road Central
Hong Kong

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

Stock Code

Hong Kong Stock Exchange 00917

Investor Information

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Chinese Version

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

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