新世界發展有限公司
New World Development Company Limited

(incorporated in Hong Kong with limited liability)
(Hong Kong Stock Code: 0017)

Annual Results Announcement 2012/2013

RESULTS

The board of directors (the "Board") of New World Development Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2013 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 30 June 2013

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2013

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	**2013 HK$m**	2012 HK$m
ASSETS			
Non-current assets			
Investment properties		**71,691.2**	60,752.2
Property, plant and equipment		**15,322.9**	12,275.8
Land use rights		**2,206.8**	2,363.6
Intangible concession rights		**16,541.4**	16,622.5
Intangible assets		**4,139.3**	4,120.9
Interests in jointly controlled entities		**43,255.9**	40,776.1
Interests in associated companies		**16,813.8**	15,211.7
Available-for-sale financial assets		**4,395.3**	4,470.7
Held-to-maturity investments		**39.9**	38.5
Financial assets at fair value through profit or loss		**275.9**	1,009.1
Derivative financial instruments		**61.4**	-
Properties for development		**27,620.1**	20,929.7
Deferred tax assets		**814.2**	695.8
Other non-current assets		**2,872.0**	1,411.5
		206,050.1	180,678.1
Current assets			
Properties under development		**45,888.3**	44,760.1
Properties held for sale		**16,023.4**	12,766.2
Inventories		**573.5**	710.8
Available-for-sale financial assets		**583.5**	583.5
Debtors and prepayments	6	**21,245.9**	18,331.2
Financial assets at fair value through profit or loss		**0.8**	1.5
Derivative financial instruments		**19.3**	452.2
Restricted bank balances		**168.5**	123.7
Cash and bank balances		**40,091.4**	27,909.7
		124,594.6	105,638.9
Non-current assets classified as assets held for sale	7	**1,544.4**	54.7
		126,139.0	105,693.6
Total assets		**332,189.1**	286,371.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

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

Notes:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, certain financial assets and financial liabilities (including derivative financial instruments), which have been measured at fair value.

(a) Adoption of amendment to standard

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

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income

The adoption of this amendment to standard does not have any significant effect on the results and financial position of the Group.

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

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

Effective for the year ending 30 June 2014

HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKFRS 10, HKFRS 11 and HKFRS12	Consolidated Financial Statement, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements Project	Annual Improvements 2009-2011 Cycle

Effective for the year ending 30 June 2015 or after

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

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

2. Revenues and segment information

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

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

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

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

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

2. Revenues and segment information (continued)

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

2. Revenues and segment information (continued)

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

2. **Revenues and segment information (continued)**

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

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

3. Operating profit

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

	2013 HK$m	2012 HK$m
Other investment income	**198.8**	76.0
Gain on deemed disposal of interest in a subsidiary	-	1,842.7
Net gain on disposal of		
Available-for-sale financial assets	**143.6**	246.4
Assets held for sale	**59.8**	99.8
Subsidiaries	-	148.2
Gain on remeasuring previously held interest of a jointly controlled entity at fair value upon further acquisition to become a subsidiary	**11.9**	204.8
Cost of inventories sold	**(19,059.1)**	(9,572.8)
Depreciation and amortisation	**(1,880.4)**	(1,604.2)
Impairment loss on		
Available-for-sale financial assets	**(201.9)**	(568.8)
Loans and other receivables	-	(2.3)
Properties held for sale, property, plant and equipment and land use rights	**(118.2)**	(85.6)
Net exchange gain	**743.0**	282.0

4. Taxation

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

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

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

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2012: 30% to 60%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

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

5. Earnings per share

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

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

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

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

6. Trade debtors

Aging analysis of trade debtors is as follows:

	2013 HK$m	2012 HK$m
Current to 30 days	**2,183.5**	1,873.0
31 to 60 days	**316.6**	341.4
Over 60 days	**1,547.0**	829.1
	4,047.1	3,043.5

The Group has different credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate. Sales proceeds receivable from sale of properties and retention receivable in respect of construction and engineering services are settled in accordance with the terms of respective contracts.

7. Non-current assets classified as assets held for sale

	Note	2013 HK$m	2012 HK$m
Listed securities, at market value			
Equity securities listed in Hong Kong		**7.8**	7.8
Equity securities listed in Mainland China		**-**	46.9
Assets reclassified as held for sale	(a)	**743.6**	-
Investment properties	(b)	**793.0**	-
		1,544.4	54.7

Note:

(a) On 25 February 2013, a subsidiary of NWS Holdings Limited ("NWSH", a subsidiary of the Group) entered into a conditional agreement (the "Agreement") with certain port investors in Xiamen to establish a joint venture company (the "JV Company") in Mainland China and will inject their respective port investments in Xiamen into the JV Company. Pursuant to the Agreement, NWSH will inject its 50% interest in Xiamen New World Xiangyu Terminals Co., Ltd. ("NWXY Terminal", a jointly controlled entity of NWSH) into the JV Company. NWSH has also committed to dispose of its 100% interest in Trend Wood Investments Limited ("Trend Wood", a wholly owned subsidiary of NWSH which owns 46% interest in Xiamen Haicang Xinhaida Container Terminals Co., Limited ("Xinhaida", a jointly controlled entity of NWSH)) to the JV Company (the "Trend Wood Disposal") after the establishment of the JV Company (the "JV Establishment") at a cash consideration of approximately RMB369.9 million (equivalent to approximately HK$462.3 million). The disposal proceeds will be utilised in full by NWSH for the capital injection into the JV Company.

After the JV Establishment and completion of the Trend Wood Disposal, NWSH will hold 13.8% interest in the JV Company. A call option was also granted to a subsidiary of NWSH to acquire an additional 6.2% interest in the JV Company which will be exercisable for a period of three years from the date of the JV Establishment. If such call option is exercised by the subsidiary, NWSH's interest in the JV Company will be increased to 20%.

Accordingly, NWSH has ceased to account for the results of NWXY Terminal and Trend Wood from the signing of the Agreement and their carrying values have been reclassified as assets held for sale. These transactions are expected to be completed by the end of 2013. Assuming these transactions had been completed on 30 June 2013, management estimates that it would result in a gain of approximately HK$600.0 million to NWSH.

	2013 HK$m
Assets	
Interests in jointly controlled entities	**743.4**
Other assets	**0.2**
Assets reclassified as held for sale	**743.6**

(b) On 20 November 2012, a subsidiary of the Group entered into an agreement with a third party to dispose of its interests in an investment property for a consideration of HK$508.0 million. On 9 April 2013, the Group entered into an agreement with a third party to dispose of its interest in a non-wholly owned subsidiary, which holds an investment property, for a consideration of HK$285.0 million. Both transactions were completed in July 2013.

8. Trade creditors

Aging analysis of trade creditors is as follows:

	2013 **HK$m**	2012 HK$m
Current to 30 days	**7,365.7**	5,767.9
31 to 60 days	**1,202.3**	832.2
Over 60 days	**1,162.8**	1,169.8
	9,730.8	7,769.9

9. Contingent liabilities

The Group's contingent liabilities as at 30 June 2013 amounted to HK$8,642.5 million (2012: HK$10,826.8 million).

DIVIDENDS

The Board has resolved to recommend to the shareholders of the Company at the annual general meeting of the Company to be held on Tuesday, 19 November 2013 ("2013 AGM") a final dividend of HK$0.30 per share (2012: HK$0.28 per share) comprising a cash dividend of HK$0.01 per share (which is being paid in order to ensure that the shares of the Company continue to qualify as Authorised Investments for the purpose of the Trustee Ordinance of Hong Kong) and a scrip dividend by way of an issue of new shares equivalent to HK$0.29 per share with a cash option to shareholders registered on 22 November 2013. Together with the interim dividend of HK$0.12 per share paid in May 2013, total distribution for 2013 would thus be HK$0.42 per share (2012: HK$0.38 per share).

Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholder could elect to receive in cash and that they be given the option to elect to receive payment in cash of HK$0.29 per share instead of the allotment of shares. Full details of the scrip dividend will be set out in a letter to be sent to shareholders together with a form of election for cash on or about 26 November 2013. It is expected that certificates for the scrip shares and dividend warrants will be posted to shareholders on or before 31 December 2013.

BOOK CLOSE DATES FOR 2013 AGM

Book close dates (both days inclusive)	:	13 November 2013 to 19 November 2013
Latest time to lodge transfers with Share Registrar	:	4:30 p.m. on Tuesday, 12 November 2013
Address of Share Registrar	:	Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong

RECORD DATE FOR PROPOSED FINAL DIVIDEND

Record date and latest time to lodge transfers with Share Registrar	:	4:30 p.m. on Friday, 22 November 2013
Address of Share Registrar	:	Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

EMPLOYEES

At 30 June 2013, about 47,000 staff was employed by entities under the Group's management. Remuneration policies are reviewed annually. Remuneration and bonuses are awarded to employees based on individual performances and are in line with market practices. Education subsidies are granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. Under the share options schemes of the Company and all the listed subsidiaries of the Group, options may be granted to certain Directors of the Company and certain employees of the Group to subscribe for shares in the Company and/or the respective subsidiaries.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Audit Committee was established in accordance with requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee has reviewed the systems of internal control and the financial statements for the year ended 30 June 2013.

The financial data in respect of this results announcement of the Group's results for the year ended 30 June 2013 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor on this results announcement.

CORPORATE GOVERNANCE CODE

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

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

	FY2013 HK$m	FY2012 HK$m
Consolidated net debt	**62,493.0**	57,773.4
NWSH (stock code: 0659)	**9,911.3**	12,280.2
NWCL (stock code: 0917)	**15,127.7**	12,997.0
NWDS - cash and bank balances (stock code: 0825)	**(2,300.2)**	(2,613.3)
Net debt (exclude listed subsidiaries)	**39,754.2**	35,109.5

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

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

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

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

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

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

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

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

As at 30 June 2013, the Group's assets of HK$68,607.8 million and certain shares of subsidiaries of the Group were pledged as securities for certain banking facilities of the Group. Equity of the Group as at 30 June 2013 increased to HK$177,745.0 million against HK$158,040.7 million as at 30 June 2012.

BUSINESS REVIEW

In FY2013, the Group recorded consolidated revenues of HK$46,779.9 million and profit attributable to shareholders of the Company amounted to HK$14,148.7 million, representing an increase of 31.3% and 39.5% respectively. The Group's underlying profit amounted to HK$6,327.3 million, representing an increase of 26.1%.

Hong Kong Property Sales

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

In October 2012, the Hong Kong Government firstly introduced the Buyer's Stamp Duty ("BSD"), uplifted the rate of the Special Stamp Duty ("SSD") and extended its applicable period to three years from two years. In February 2013, the Hong Kong Government announced the general uplifting the rate of ad valorem stamp duty ("AVD") applicable to the property transactions, under which AVD to be charged to any Hong Kong resident in purchasing his or her second suite of housing property costing less than or equal to HK$2 million would be 1.5% of the transaction amount, up from the formerly applicable levy of HK$100 per transaction, whereas rate of AVD for any transaction of property costing more than HK$2 million would be doubled, the maximum rate is set at 8.5% from the formerly applicable rate of 4.25%. Such new measure would apply to all properties, both residential and non-residential ones. Under these series of measures preventing further escalation in housing prices, the market and home-buyers showed a "wait-and-see" sentiment. There has been a lot of uncertainties underlying the territory's residential property market in the midst of digesting such new measures.

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

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

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

As a major property developer in Hong Kong, the Group provides home buyers with quality and unique living experience by offering products of top-notch quality, leveraging upon its extensive experience in the property development in Hong Kong. Market responses to the Group's launches of residential projects have been positive, with all units being sold out in "The Signature", of which the Group acted as the lead developer, and over 90% residential units being sold out in "The Riverpark".

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

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

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

The Group's residential properties sales information during the period from 1 July 2012 to 22 September 2013:

Name of project	**Source of land**	**Attributable to NWD**	**Residential units sold during the aforesaid period**
1. The Signature 8 Chun Fai Terrace, Hong Kong	Old building redevelopment	70%	**6**
2. The Riverpark 8 Che Kung Miu Road, Sha Tin, N.T.	MTRC	100%	**423**
3. Double Cove 8 Wu Kai Sha Road, Ma On Shan, N.T.	Agricultural land conversion	32%	**715**
4. The Reach 11 Shap Pat Heung Road, Yuen Long, N.T.	Agricultural land conversion	21%	**1,906**
5. The Masterpiece 18 Hanoi Road, Tsim Sha Tsui, Kowloon	Urban Renewal Authority	79%	**7**
6. The Woodsville 18 Hung Shun Road, Yuen Long, N.T.	Agricultural land conversion	100%	**179**
7. Park Signature 8 Kung Um Road, Yuen Long, N.T.	Agricultural land conversion	100%	**605**
8. Others	Inventory	Various	**35**
Total			**3,876**

*Source: Government website/Company data

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

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

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

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

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

In January 2013, a joint-venture company formed by the Group and Vanke Property (Hong Kong) Company Limited won the tender of the Tsuen Wan West Station TW6 Property Development Project from MTR Corporation Limited at a consideration of approximately HK$3.4 billion. The project, with a total site area of approximately 150,000 sq ft, can be developed into two residential buildings with residential GFA of over 670,000 sq ft.

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

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

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

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

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

<u>Investment Properties in Hong Kong</u>

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

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

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

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

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

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

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

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

While the prudent approach adopted by some finance-related enterprises in their leasing of supreme Grade A office buildings located in central business districts including Central and Admiralty in view of uncertain economic outlook have led to the relocation of some non-core business divisions to new commercial districts offering lower rental costs for cost reduction purposes, an increasing number of enterprises are expecting a new cycle of rental reversion and are therefore willing to lock in earlier a rental at this stage by leasing for office space of supreme quality, so as to accommodate the needs for business enhancement or expansion as the market goes bully. In particular, some major tenants including banks, financial institutions and law firms are planning for business expansion. In general, there have been signs showing that the overall rental rates of Grade A office buildings in Hong Kong are gradually back on track since the second quarter of 2013.

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

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

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

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

For the Group's office buildings, New World Tower and Manning House, which are Grade A office buildings located in the traditional prime commercial area on Queen's Road Central, Central, interior renovation and facilities upgrade have been substantially completed. A brand-new retail space with a ground-floor portion and a mezzanine portion in New World Tower, together with other retail shops on the concourse, have been readily leased out, providing additional rental income to the Group. Essentially office spaces at various floors of the buildings have been fully leased and, in fact, their rental performance was relatively more stable than waterfront supreme Grade A office buildings in the same district, as the tenants are mainly composed of medical centres, law firms and local leading enterprises, of which the industries they are operating in are relatively less affected by the external economic environment.

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

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

Hotel operations

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

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

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

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

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

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

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

In FY2013, the Group announced the proposed spin-off of certain of the Group's hotels in Hong Kong for separately listing on The Stock Exchange of Hong Kong Limited. NW Hotel Investments is formed as a fixed single investment trust in Hong Kong with a focus on the hospitality industry. NW Hotel Investments has been established primarily to own and invest in a portfolio of completed hotels in Asia which are managed under internationally recognised hotel brands, with an initial focus on completed hotels located in Hong Kong. The initial hotel portfolio will comprise Grand Hyatt Hong Kong, Renaissance Harbour View Hotel and Hyatt Regency Hong Kong, Tsim Sha Tsui.

By means of the aforesaid listing, the Group intends to further unlock the value of the Group's hotel projects, create a separate investor base for its own hotels portfolio, give separate fundraising platforms for NWD and NW Hotel Investments, enhance financing flexibility, and allow fundraising for the Group to enable it to continue to expand its existing businesses. The Group sees NW Hotel Investments as a long-term investment platform and will continue to closely watch the market conditions and proceed with the listing of its hotel properties as and when suitable opportunity arises.

The Hong Kong-based New World Hotel Group was renamed as the Rosewood Hotel Group on 29 May 2013. The Rosewood Hotel Group is a fast-growing international hotel management company, with three distinct hotel brands, namely the ultra-luxury Rosewood Hotels & Resorts, the deluxe New World Hotels and the neighborhood and lifestyle pentahotels. As at 30 June 2013, the Group has a total of 10 hotel properties which are operated by Rosewood Hotel Group.

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

As at 30 June 2013, the Group had a total of 16 hotel properties including a total of 10 hotel properties which are operated by Rosewood Hotel Group providing 7,675 guest rooms in Hong Kong, Mainland China and Southeast Asia.

Mainland China property development and investment

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

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

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

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

Following the steady development of property market in Mainland China, the overall property contracted sales of New World China Land Limited ("NWCL") in FY2013 reached a total GFA of 1,274,851 sq m amounted to RMB16,528 million, representing a year-on-year increase of 63.0% and 69.0% respectively. Gross profit margin of the overall property sales was 42%, representing a year-on-year decrease of 8 percentage points, which was mainly attributable to the difference in property sales mix.

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

Infrastructure and service

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

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

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

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

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

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

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

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

As a key contributor, ATL Logistics Centre recorded a remarkable occupancy rate of 99%, up from 98% in FY2012. The keen demand for logistics and warehouse facilities in Hong Kong drove its average rental rate up by 5% during FY2013. NWS Kwai Chung Logistics Centre, which commenced operation in December 2011, was fully leased out and provided a full-year contribution to this segment in FY2013.

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

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

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

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

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

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

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

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

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

Department stores

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

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

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

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

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

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

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

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

Telecommunications

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

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

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

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

OUTLOOK

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

Hong Kong's economy is very much in line with the external economic environment. The plan of scaling back of the US bond-buying programme may increase the probability for investors to withdraw their funds from Hong Kong and the increase of interest rate. However, such decision of the FRB to a certain extent reflected that it is cautiously optimistic regarding the outlook of the US economy, which has a proactive guiding effect on the recovery of international trading and the global economy. In terms of economic growth of the Mainland China, there might be adjustments in response to the market conditions in the short term. However, the Central Government has expressed its confidence in maintaining sustainable healthy economic development in the long-term. Given the optimistic outlook of the China economy, specific measures might be taken as a whole to prevent and divert some of the existing risks and challenges, and the reform measures shall be taken to a deeper level, so as to achieve our goal of steady progress. In fact, with the bottom out of the economy and set for further growth, just as vibration is inevitable when an engine is being restarted, we should no longer yearn for the temporary prosperity brought by the loads of money printed during the period when the quantitative easing policy was introduced. Taking healthy, long-term and sustainable economic development as the basis of our measurement, we will have to manage any impacts resulting from market changes by means of organic evolution and adjustment of economic activities with flexible approaches.

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

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

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

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

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

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

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

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

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

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

In Mainland China, economic growth momentum of China is still the focus of the market. The market is of the view that the growth forecast about the GDP and purchasing manager's index of manufacturing industry in China will continue to consolidate, which reflects that China economy is facing the risk of structural imbalance. In fact, mere reliance on the government's investment and simulation is not likely to create enormous room for economic development. The key initiatives for the economic growth of China are to build up momentum for market mechanism, change government functions and foster economic restructuring. Xi Jinping, President has indicated that the change of the economic development of China is currently at a critical stage that the previous mode of over-heated growth is not likely in the best interest of China. The GDP growth of China during the first quarter of 2013 was 7.7% and such growth rate is more beneficial to the adjustment in economic structure and enhancement of quality and efficiency of economic growth. Adhering to its key initiatives including stabilising macro policy, loosening micro policy and supporting social security as planned, the Central Government will continue to attain its development target of achieving progress through stability, intensify reform by studying and promoting medium to long-term comprehensive reform proposal, strive to facilitate modern industrialisation, informationisation, urbanisation, agricultural modernisation, carry out innovation-driven development strategy and step up efforts to boost domestic consumption in order to create new point of growth for the economy and secure sound and sustainable economic growth.

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

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

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

NWCL, the Group's flagship enterprise in property development and investment in Mainland China, has established a premium brand image in Mainland China. It has more than 26 million sq m landbank under construction or held for development over 20 key hub cities in Mainland China, which are mainly located in second- and third-tier cities with rapid growth and significant concrete demand. NWCL will continue to develop property operations in Mainland China by adopting diversified property development concepts, closely monitoring overall environment at home and abroad, focusing on developing existing landbank, accelerating development process and adhering to our prudent management principle and innovative ideas. In FY2014, the volume of newly completed projects by NWCL is expected to reach a new level of exceeding 1.5 million sq m.

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

Dr. Cheng Kar-Shun, Henry
Chairman

Hong Kong, 26 September 2013

As at the date of this announcement, (a) the Executive Directors of the Company are Dr. CHENG Kar-Shun, Henry, Mr. CHENG Chi-Kong, Adrian, Mr. CHEN Guanzhan, Ms. KI Man-Fung, Leonie, Mr. CHENG Chi-Heng, Ms. CHENG Chi-Man, Sonia and Mr. AU Tak-Cheong; (b) the Non-executive Directors of the Company are Mr. DOO Wai-Hoi, William and Mr. CHENG Kar-Shing, Peter; and (c) the Independent Non-executive Directors of the Company are Mr. YEUNG Ping-Leung, Howard, Mr. CHA Mou-Sing, Payson (alternate director to Mr. CHA Mou-Sing, Payson: Mr. CHA Mou-Zing, Victor), Mr. HO Hau-Hay, Hamilton, Mr. LEE Luen-Wai, John and Mr. LIANG Cheung-Biu, Thomas.