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**New World China Land Limited**

**新世界中國地產有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 917)**

## **INTERIM RESULTS ANNOUNCEMENT 2012/2013**

### **RESULTS**

The board of directors of New World China Land Limited (the “Company”) is pleased to announce the unaudited interim consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31st December 2012:

#### **Condensed Consolidated Income Statement**

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



**Condensed Consolidated Statement of Financial Position**  
**As at 31st December 2012**

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

## Condensed Consolidated Statement of Financial Position (Continued)

As at 31st December 2012

		Unaudited As at 31st December 2012 HK\$'000	Audited As at 30th June 2012 HK\$'000
	Note		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term borrowings		26,575,602	22,919,267
Deferred tax liabilities		2,722,968	2,460,377
		<b>29,298,570</b>	25,379,644
<b>Current liabilities</b>			
Creditors and accruals	10	6,851,908	5,883,221
Deposits received on sale of properties		7,828,194	5,161,655
Amounts due to related companies		869,563	1,345,767
Short term loans		299,967	270,699
Current portion of long term borrowings		3,885,774	5,267,457
Amounts due to non-controlling interests		102,756	101,916
Taxes payable		3,085,827	2,988,122
		<b>22,923,989</b>	21,018,837
<b>Total liabilities</b>		<b>52,222,559</b>	46,398,481
<b>Total equity and liabilities</b>		<b>106,954,636</b>	98,123,597
<b>Net current assets</b>		<b>30,242,157</b>	27,199,442
<b>Total assets less current liabilities</b>		<b>84,030,647</b>	77,104,760

### Notes

#### 1 Basis of preparation

These unaudited condensed consolidated interim financial statements (the “interim financial statements”) for the six months ended 31st December 2012 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The interim financial statements should be read in conjunction with the annual financial statements for the year ended 30th June 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

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

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

HKAS 1 Amendment

Presentation of Items of Other Comprehensive Income

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

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

*Effective for the year ending 30th June 2014 or after*

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

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

## 2 Revenues and segment information

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

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

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

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

In prior periods, the executive committee assesses the performance of the operating segments based on a measure of attributable operating profit ("AOP") before finance costs and taxation charge. With effect from the period ended 31st December 2012, the management considers AOP before finance costs and after taxation charge is a more relevant performance measurement basis to be used in the Group's internal financial and management reporting that is reviewed by the executive committee. Information for the period ended 31st December 2011 that is presented for comparative purposes has been restated accordingly. This measurement basis excludes the effects of changes in fair value of investment properties, gains and losses from changes in group structure, net foreign exchange gains, amortisation of intangible assets acquired from business combinations, income and expenses at corporate office and deferred tax (charge)/credit on undistributed profits. Interest income is included in the result of each operating segment that is reviewed by the executive committee.

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

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

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

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

<b>6 months ended</b>	<b>Property</b>	<b>Land</b>	<b>Rental</b>	<b>Hotel</b>	<b>Property</b>	<b>Hotel</b>	<b>Other</b>	<b>Total</b>
<b>31st December 2012</b>	<b>sales</b>	<b>preparatory</b>	<b>operation</b>	<b>operation</b>	<b>management</b>	<b>management</b>	<b>operations</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>work</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>services</b>	<b>services</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>HK\$'000</b>			<b>HK\$'000</b>	<b>HK\$'000</b>		
Segment revenues								
Company and subsidiaries								
Total revenues	<b>5,608,251</b>	-	<b>368,319</b>	<b>186,445</b>	<b>226,920</b>	<b>237,841</b>	-	<b>6,627,776</b>
Inter-segment revenues	-	-	<b>(10,811)</b>	-	<b>(59,278)</b>	<b>(9,492)</b>	-	<b>(79,581)</b>
External revenues	<b>5,608,251</b>	-	<b>357,508</b>	<b>186,445</b>	<b>167,642</b>	<b>228,349</b>	-	<b>6,548,195</b>
Associated companies - attributable to the Group	<b>7,465</b>	-	<b>14,911</b>	<b>10,737</b>	<b>1,751</b>	-	-	<b>34,864</b>
Jointly controlled entities - attributable to the Group	<b>160,515</b>	-	<b>181,382</b>	<b>45,836</b>	<b>41,688</b>	-	-	<b>429,421</b>
	<b>5,776,231</b>	-	<b>553,801</b>	<b>243,018</b>	<b>211,081</b>	<b>228,349</b>	-	<b>7,012,480</b>
Segment bank and other interest income	<b>30,882</b>	<b>14</b>	<b>6,162</b>	<b>317</b>	<b>2,437</b>	<b>997</b>	<b>82</b>	<b>40,891</b>
AOP before finance costs and after taxation charge								
Company and subsidiaries	<b>1,554,509</b>	-	<b>176,474</b>	<b>(44,053)</b>	<b>(42,435)</b>	<b>2,926</b>	<b>102</b>	<b>1,647,523</b>
Associated Companies	<b>26,005</b>	-	<b>6,920</b>	<b>(3,232)</b>	<b>(49)</b>	-	-	<b>29,644</b>
Jointly controlled entities	<b>16,335</b>	-	<b>95,369</b>	<b>(21,106)</b>	<b>(289)</b>	-	<b>4,466</b>	<b>94,775</b>
	<b>1,596,849</b>	-	<b>278,763</b>	<b>(68,391)</b>	<b>(42,773)</b>	<b>2,926</b>	<b>4,568</b>	<b>1,771,942</b>
Additions to non-current assets other than financial instruments	<b>2,228,023</b>	<b>554</b>	<b>612,958</b>	<b>293,529</b>	<b>1,763</b>	<b>1,133</b>	<b>64</b>	<b>3,138,024</b>
Depreciation and amortisation	<b>26,590</b>	<b>148</b>	<b>3,004</b>	<b>70,304</b>	<b>987</b>	<b>28,169</b>	<b>467</b>	<b>129,669</b>
Share of results of								
Associated companies	<b>25,858</b>	-	<b>15,428</b>	<b>(3,232)</b>	<b>(53)</b>	-	-	<b>38,001</b>
Jointly controlled entities	<b>(108,004)</b>	-	<b>399,473</b>	<b>(27,449)</b>	<b>(297)</b>	-	<b>668</b>	<b>264,391</b>



As at 31st December 2012	Property sales HK\$'000	Land preparatory work HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Hotel management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment assets	62,162,704	2,633,143	19,308,109	2,860,844	216,343	2,088,311	5,397	89,274,851
Associated companies and jointly controlled entities	3,550,242	(19,348)	8,274,641	394,530	341	4,921	9,933	12,215,260
Available-for- sale financial assets								108,457
Property, plant and equipment at corporate office								3,868
Prepayments, debtors and other receivables at corporate office								850,551
Amounts due from related companies at corporate office								495,362
Cash and bank balances at corporate office								4,006,287
Total assets								<u>106,954,636</u>
Segment liabilities	15,089,985	5,880	390,151	74,310	158,980	89,222	1,731	15,810,259
Creditors and accruals at corporate office								137,917
Taxes payable								2,790,072
Borrowings								30,761,343
Deferred tax liabilities								2,722,968
Total liabilities								<u>52,222,559</u>

6 months ended 31st December 2011	Property sales HK\$'000	Land preparatory work HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Hotel management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment revenues								
Company and subsidiaries								
Total revenues	5,582,469	723,795	325,989	222,780	90,169	204,297	-	7,149,499
Inter-segment revenues								
	-	-	(10,203)	(15,785)	(25,081)	(8,140)	-	(59,209)
External revenues	5,582,469	723,795	315,786	206,995	65,088	196,157	-	7,090,290
Associated companies - attributable to the Group								
	16,990	-	10,839	12,523	-	-	-	40,352
Jointly controlled entities - attributable to the Group								
	237,793	-	167,546	45,566	27,426	-	-	478,331
	5,837,252	723,795	494,171	265,084	92,514	196,157	-	7,608,973
Segment bank and other interest income								
	46,392	335	10,978	246	148	69	22	58,190
AOP before finance costs and after taxation charge								
Company and subsidiaries								
	1,222,615	13,336	91,544	(31,472)	(23,018)	(6,072)	14	1,266,947
Associated Companies								
	8,448	-	3,587	(2,655)	-	-	-	9,380
Jointly controlled entities								
	115,427	-	77,545	(19,022)	1,097	-	2,787	177,834
	1,346,490	13,336	172,676	(53,149)	(21,921)	(6,072)	2,801	1,454,161
Additions to non-current assets other than financial instruments								
	2,965,519	58	85,420	12,177	1,267	1,969,843	5,500	5,039,784
Depreciation and amortisation								
	27,041	80	8,806	69,754	693	19,341	606	126,321
Share of results of								
Associated companies								
	12,507	-	8,931	(2,655)	-	-	-	18,783
Jointly controlled entities								
	(46,651)	-	215,123	(23,313)	1,087	-	(2,910)	143,336

As at 30th June 2012	Property sales HK\$'000	Land preparatory work HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Hotel management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment assets	53,928,098	2,567,739	17,674,896	2,293,302	204,733	2,097,686	4,430	78,770,884
Associated companies and jointly controlled entities	3,373,635	(16,574)	7,715,589	415,252	(2,035)	7,735	9,122	11,502,724
Available-for- sale financial assets								108,457
Property, plant and equipment at corporate office								4,271
Prepayments, debtors and other receivables at corporate office								175,293
Amounts due from related companies at corporate office								585,231
Cash and bank balances at corporate office								<u>6,976,737</u>
Total assets								<u>98,123,597</u>
Segment liabilities	11,988,516	1,473	379,304	60,969	153,736	57,415	1,196	12,642,609
Creditors and accruals at corporate office								133,296
Taxes payable								2,704,776
Borrowings								28,457,423
Deferred tax liabilities								<u>2,460,377</u>
Total liabilities								<u>46,398,481</u>

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

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

### 3 Other income

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

Note:

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

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

### 4 Other gains, net

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

## 5 Operating profit before finance costs

	6 months ended 31st December	
	2012	2011
	HK\$'000	HK\$'000
Operating profit before finance costs is arrived at after charging:		
Cost of properties sold	2,694,450	2,445,848
Depreciation of property, plant and equipment	92,677	97,101
Amortisation of land use rights	10,724	11,768
Amortisation of intangible assets	26,268	17,452

## 6 Taxation charge

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

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

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

## 7 Earnings per share

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

	6 months ended 31st December	
	2012	2011
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	<b>2,321,074</b>	1,803,722

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

## 8 Interim dividend

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

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

## 9 Prepayments, debtors and other receivables

Prepayments, debtors and other receivables include trade debtors, prepaid land preparatory cost, deposits for purchase of land, prepayment for proposed development projects, prepaid taxes, other prepayments, deposits and receivables. The ageing analysis of trade debtors based on invoice date is as follows:

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

Sales proceed receivables in respect of sale of properties are settled in accordance with the instalment schedules as stipulated in the sale and purchase agreements. Monthly rental in respect of rental properties are payable in advance by tenants in accordance with the lease agreements. Monthly property management fees are payable in advance in accordance with the agreements.

## 10 Creditors and accruals

Creditors and accruals include trade creditors, retention payables of construction costs, other payables and various accruals. The ageing analysis of trade creditors is as follows:

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



## **BUSINESS REVIEW**

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

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

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

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

## Analysis of Attributable operating profit

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

## Property sales

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

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

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

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

*R: Residential*

*C: Commercial*

*O: Office*

*H: Hotel*

*P: Carpark*

## **Rental operation**

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

## Hotel operation

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

In the second half of FY 2013, the Group plans to complete two hotels in Beijing and Guiyang.

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

<b>Hotel portfolio</b>	<b>Number of rooms</b>
pentahotel Beijing (北京貝爾特酒店)	307
New World Shanghai Hotel (上海巴黎春天新世界酒店)	605
pentahotel Shanghai (上海貝爾特酒店)	258
New World Dalian Hotel (大連新世界酒店)	420
New World Wuhan Hotel (武漢新世界酒店)	327
New World Shunde Hotel (順德新世界酒店)	370
<b>Total</b>	<b>2,287</b>

## Hotel management services

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

## OUTLOOK

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

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

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

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

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

## LIQUIDITY AND CAPITAL RESOURCES

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

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

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

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

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

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

### Capital expenditure commitments

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

## **Foreign currency exposure**

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

## **CONTINGENT LIABILITIES**

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

As at 31st December 2012, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group and the Group's attributable portion of outstanding mortgage loans under these guarantees amounted to HK\$1,769,788,000 (30th June 2012: HK\$1,557,714,000).

## **DETAILS OF CHARGES ON GROUP'S ASSETS**

As at 31st December 2012, the Group's property, plant and equipment, investment properties, land use rights, properties held for development and properties under development of HK\$409,750,000 (30th June 2012: HK\$419,234,000), HK\$5,277,030,000 (30th June 2012: HK\$5,093,721,000), HK\$238,461,000 (30th June 2012: HK\$235,832,000), HK\$1,704,668,000 (30th June 2012: HK\$771,429,000) and HK\$6,289,898,000 (30th June 2012: HK\$4,807,135,000) respectively have been pledged as securities for short term and long term bank borrowings.

## **MAJOR ACQUISITION OR DISPOSAL**

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

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31st December 2012, the Group has 8,377 full-time employees. Total staff related costs incurred during the period under review were HK\$251.31 million (2011: HK\$247.70 million), of which retirement benefits were included. Remuneration of employees is reviewed annually based on assessment of individual performance. Discretionary year-end bonus was paid to employees based on individual performance.



## **AUDIT COMMITTEE**

Audit committee was established in accordance with requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The audit committee consists of four independent non-executive directors of the Company. The audit committee has reviewed the unaudited interim financial statements for the six months ended 31st December 2012 and discussed the financial related matters with management and external auditor. The unaudited interim financial statements of the Group for the six months ended 31st December 2012 have been reviewed by the Group’s external auditors, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditors of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with Corporate Governance Code contained in Appendix 14 to the Listing Rules during the six months ended 31st December 2012, except for the following deviations:

### **Code provision A.2.1**

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

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

### **Code provisions E.1.2**

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) in Appendix 10 to the Listing Rules as the code of conduct regarding directors’ securities transactions. The Company has confirmed with the directors that they have complied with the standard set out in the Model Code during the period under review.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

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

## **DIVIDEND**

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

## **CLOSURE OF REGISTER OF MEMBERS**

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

**Dr. Cheng Kar-shun, Henry**

*Chairman and Managing Director*

Hong Kong, 27th February 2013

*As at the date of this announcement, the board of directors of the Company comprises: (1) seven executive directors, namely Dr. Cheng Kar-shun, Henry, Mr. Cheng Kar-shing, Peter, Mr. Cheng Chi-kong, Adrian, Ms. Cheng Chi-man, Sonia, Mr. Cheng Chi-him, Conrad, Mr. Fong Shing-kwong, Michael and Ms. Ngan Man-ying, Lynda; (2) one non-executive director, namely Mr. Doo Wai-hoi, William; and (3) four independent non-executive directors, namely Dr. Cheng Wai-chee, Christopher, Hon. Tien Pei-chun, James, Mr. Lee Luen-wai, John and Mr. Ip Yuk-keung, Albert.*

The announcement is published on the websites of the Company ([www.nwcl.com.hk](http://www.nwcl.com.hk)) and The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).