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 2013/2014

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 31 December 2013:

Condensed Consolidated Income Statement

		Unaudited	
		6 months ended 31 December	
		2013	2012
	Note	**HK$'000**	HK$'000
Revenues	2	**11,884,427**	6,548,195
Cost of sales		**(6,301,012)**	(3,336,216)
Gross profit		**5,583,415**	3,211,979
Other income	3	**901,023**	432,827
Other gains, net	4	**268,456**	401,130
Changes in fair value of investment properties		**310,306**	378,407
Selling expenses		**(419,771)**	(281,635)
Administrative and other operating expenses		**(726,704)**	(628,969)
Operating profit before finance costs	5	**5,916,725**	3,513,739
Finance costs		**(188,041)**	(188,068)
Share of results of associated companies and joint ventures		**331,408**	302,392
Profit before taxation		**6,060,092**	3,628,063
Taxation charge	6	**(2,530,558)**	(1,217,259)
Profit for the period		**3,529,534**	2,410,804
Attributable to:			
Equity holders of the Company		**3,394,594**	2,321,074
Non-controlling interests		**134,940**	89,730
		3,529,534	2,410,804
Earnings per share	7		
Basic		**39.16 cents**	26.82 cents
Diluted		**39.14 cents**	26.81 cents
Interim dividend	8	**346,972**	259,903

Condensed Consolidated Statement of Comprehensive Income

	Unaudited 6 months ended 31 December	
	2013	2012
	HK$'000	HK$'000
Profit for the period	**3,529,534**	2,410,804
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Translation differences	**504,629**	833,902
Share of other comprehensive income of associated companies and joint ventures	**34,935**	82,144
Other comprehensive income for the period	**539,564**	916,046
Total comprehensive income for the period	**4,069,098**	3,326,850
Total comprehensive income attributable to:		
Equity holders of the Company	**3,926,640**	3,224,603
Non-controlling interests	**142,458**	102,247
	4,069,098	3,326,850

Condensed Consolidated Statement of Financial Position

As at 31 December 2013

	Note	**Unaudited As at 31 December 2013 HK$'000**	Audited As at 30 June 2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**4,471,199**	3,430,117
Investment properties		**21,230,834**	19,928,241
Land use rights		**619,918**	621,096
Intangible assets		**2,014,307**	1,940,241
Properties held for development		**19,015,573**	17,350,847
Associated companies and joint ventures		**14,423,495**	12,914,943
Available-for-sale financial assets		**85,147**	108,457
		61,860,473	56,293,942
Current assets			
Properties under development		**21,651,463**	20,449,013
Completed properties held for sale		**9,024,331**	7,093,274
Hotel inventories, at cost		**4,608**	4,551
Prepayments, debtors and other receivables	9	**10,667,700**	13,817,090
Amounts due from related companies		**925,369**	851,225
Cash and bank balances, unrestricted		**19,945,079**	19,337,202
		62,218,550	61,552,355
Total assets		**124,079,023**	117,846,297
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**867,186**	866,360
Reserves		**56,768,180**	53,135,700
Interim dividend		**346,972**	—
Proposed final dividend		—	346,686
		57,982,338	54,348,746
Non-controlling interests		**3,359,703**	3,354,883
Total equity		**61,342,041**	57,703,629

Condensed Consolidated Statement of Financial Position (Continued)
As at 31 December 2013

	Note	**Unaudited As at 31 December 2013 HK$'000**	Audited As at 30 June 2013 HK$'000
LIABILITIES			
Non-current liabilities			
Long term borrowings		**32,973,109**	30,957,581
Deferred tax liabilities		**3,004,253**	2,839,705
		35,977,362	33,797,286
Current liabilities			
Creditors and accruals	10	**7,866,124**	6,819,852
Deposits received on sale of properties		**7,705,589**	9,041,851
Amounts due to related companies		**950,200**	838,710
Short term loans		**256,410**	543,038
Current portion of long term borrowings		**4,991,585**	5,501,711
Amounts due to non-controlling interests		**103,639**	103,192
Taxes payable		**4,886,073**	3,497,028
		26,759,620	26,345,382
Total liabilities		**62,736,982**	60,142,668
Total equity and liabilities		**124,079,023**	117,846,297
Net current assets		**35,458,930**	35,206,973
Total assets less current liabilities		**97,319,403**	91,500,915

Notes

1 Basis of preparation

These unaudited condensed consolidated interim financial statements (the "interim financial statements") for the six months ended 31 December 2013 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

(a) Except as described below, the accounting policies applied in the preparation of these interim financial statements are consistent with those set out in the annual financial statements for the year ended 30 June 2013.

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

HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Associates and Joint Ventures
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 Measurements
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements Project	Annual Improvements 2009-2011 Cycle

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

HKFRS 11, 'Joint arrangements'. Under HKFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interest in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income based on the relevant profit sharing ratios which vary according to the nature of the joint ventures set as follows:

(i) Equity joint ventures/joint ventures in wholly foreign owned enterprises
Equity joint ventures/joint ventures in wholly foreign owned enterprises are joint ventures in respect of which the capital contribution ratios of the venturers are defined in the joint venture contracts and the profit sharing ratios and share of net assets of the ventures are proportion to the capital contribution ratios.

(ii) Co-operative joint ventures
Co-operative joint ventures are joint ventures in respect of which the profit sharing ratios of the venturers and share of net assets upon the expiration of the joint venture periods are not in proportion to their capital contribution ratios but are as defined in the joint venture contracts.

(iii) Companies limited by shares
Companies limited by shares are limited liability companies in respect of which each shareholder's beneficial interests therein is in accordance with the amount of the voting share capital held thereby.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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

Effective for the year ending 30 June 2015 or after

HKFRS 9	Financial Instruments
HKFRS 14	Regulatory Deferral Accounts
HKFRS 7 and HKFRS 9 (Amendments)	Financial Instruments: Disclosures – Mandatory Effective Date of HKFRS 9 and Transition Disclosures
Amendments to HKAS 19 (Amendments)	Employee Benefits: Defined Benefit Plans – Employee Contributions
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
Annual Improvement Projects	Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvement Projects	Annual Improvements to HKFRSs 2011-2013 Cycle

The Group has already commenced an assessment of the impact of these new or revised standards, amendments to standards and interpretation, certain of which may be relevant to the Group's 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, revenue from rental and hotel operation, property management services fee income, project management fee income, hotel management services fee income and contracting services income.

	6 months ended 31 December	
	2013	2012
	HK$'000	HK$'000
Sale of properties	**10,480,118**	5,585,747
Rental income	**366,608**	357,508
Income from hotel operation	**187,804**	186,445
Property management services fee income	**214,278**	167,642
Project management fee income	**59,004**	22,504
Hotel management services fee income	**239,701**	228,349
Contracting services income	**336,914**	—
	11,884,427	6,548,195

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

The committee considers the business from the perspective of the services and products. The management assesses the performance of property sales, rental operation, hotel operation, property management services operations and hotel management services operations. Other operations include contracting services and ancillary services in property projects. In the current period, previously reported operating segments have been aggregated and the corresponding segment information has been restated to conform with current period presentation.

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

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

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

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

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

6 months ended 31 December 2013	Property sales HK$'000	Rental operation HK$'000	Hotel operation HK$'000	Property management services HK$'000	Hotel management services HK$'000	Other operations HK$'000	Total HK$'000
Segment revenues							
Company and subsidiaries							
Total revenues	**10,539,122**	**378,482**	**187,804**	**265,730**	**252,872**	**339,424**	**11,963,434**
Inter-segment revenues	**–**	**(11,874)**	**–**	**(51,452)**	**(13,171)**	**(2,510)**	**(79,007)**
External revenues	**10,539,122**	**366,608**	**187,804**	**214,278**	**239,701**	**336,914**	**11,884,427**
Associated companies and joint ventures - attributable to the Group	**1,094,147**	**244,019**	**64,758**	**51,346**	**–**	**–**	**1,454,270**
	11,633,269	**610,627**	**252,562**	**265,624**	**239,701**	**336,914**	**13,338,697**
Segment bank and other interest income	**47,254**	**25,090**	**422**	**1,034**	**3,064**	**739**	**77,603**
AOP before finance costs and after taxation charge							
Company and subsidiaries	**2,687,354**	**163,170**	**(28,348)**	**(48,869)**	**2,148**	**14,991**	**2,790,446**
Associated companies and joint ventures	**404,330**	**129,029**	**(56,596)**	**(3,995)**	**–**	**2,945**	**475,713**
	3,091,684	**292,199**	**(84,944)**	**(52,864)**	**2,148**	**17,936**	**3,266,159**
Additions to non-current assets other than financial instruments	**4,729,352**	**732,577**	**765,594**	**2,176**	**149,289**	**1,618**	**6,380,606**
Depreciation and amortisation	**33,979**	**2,359**	**68,422**	**1,338**	**28,310**	**488**	**134,896**
Impairment of intangible assets	**–**	**–**	**–**	**–**	**35,892**	**–**	**35,892**
Share of results of associated companies and joint ventures	**164,250**	**232,288**	**(61,240)**	**(4,001)**	**–**	**111**	**331,408**

As at 31 December 2013	Property sales HK$'000	Rental operation HK$'000	Hotel operation HK$'000	Property management services HK$'000	Hotel management services HK$'000	Other operations HK$'000	Total HK$'000
Segment assets	**73,116,482**	**22,918,390**	**2,783,867**	**278,317**	**2,210,400**	**271,625**	**101,579,081**
Associated companies and joint ventures	**5,474,202**	**8,627,995**	**330,326**	**(12,953)**	**2,217**	**1,708**	**14,423,495**
Available-for-sale financial assets							**85,147**
Property, plant and equipment at corporate office							**4,727**
Prepayments, debtors and other receivables at corporate office							**125,891**
Amounts due from related companies at corporate office							**751,188**
Cash and bank balances at corporate office							**7,109,494**
Total assets							**124,079,023**
Segment liabilities	**15,750,282**	**421,497**	**102,536**	**214,273**	**103,567**	**122,483**	**16,714,638**
Creditors and accruals at corporate office							**224,431**
Amounts due to related companies at corporate office							**165,085**
Taxes payable							**4,407,471**
Borrowings							**38,221,104**
Deferred tax liabilities							**3,004,253**
Total liabilities							**62,736,982**

6 months ended 31 December 2012	Property sales HK$'000	Rental operation HK$'000	Hotel operation HK$'000	Property management services HK$'000	Hotel management services HK$'000	Other operations HK$'000	Total HK$'000
Segment revenues							
Company and subsidiaries							
Total revenues	5,608,251	368,319	186,445	226,920	237,841	–	6,627,776
Inter-segment revenues	–	(10,811)	–	(59,278)	(9,492)	–	(79,581)
External revenues	5,608,251	357,508	186,445	167,642	228,349	–	6,548,195
Associated companies and joint ventures - attributable to the Group	167,980	196,293	56,573	43,439	–	–	464,285
	5,776,231	553,801	243,018	211,081	228,349	–	7,012,480
Segment bank and other interest income	30,896	6,162	317	2,437	997	82	40,891
AOP before finance costs and after taxation charge							
Company and subsidiaries	1,554,509	176,474	(44,053)	(42,435)	2,926	102	1,647,523
Associated companies and joint ventures	42,340	102,289	(24,338)	(338)	–	4,466	124,419
	1,596,849	278,763	(68,391)	(42,773)	2,926	4,568	1,771,942
Additions to non-current assets other than financial instruments	2,228,577	612,958	293,529	1,763	1,133	64	3,138,024
Depreciation and amortisation	26,738	3,004	70,304	987	28,169	467	129,669
Share of results of associated companies and joint ventures	(82,146)	414,901	(30,681)	(350)	–	668	302,392

As at 30 June 2013	Property sales HK$'000	Rental operation HK$'000	Hotel operation HK$'000	Property management services HK$'000	Hotel management services HK$'000	Other operations HK$'000	Total HK$'000
Segment assets	69,198,523	21,029,447	2,554,871	228,738	2,084,426	324,353	95,420,358
Associated companies and joint ventures	3,985,291	8,551,425	380,389	(11,219)	3,642	5,415	12,914,943
Available-for-sale financial assets							108,457
Property, plant and equipment at corporate office							3,597
Prepayments, debtors and other receivables at corporate office							134,131
Amounts due from related companies at corporate office							694,404
Cash and bank balances at corporate office							8,570,407
Total assets							117,846,297
Segment liabilities	16,032,376	388,326	53,843	183,283	74,455	133,031	16,865,314
Creditors and accruals at corporate office							225,197
Taxes payable							3,210,122
Borrowings							37,002,330
Deferred tax liabilities							2,839,705
Total liabilities							60,142,668

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

		6 months ended 31 December	
		2013	2012
		HK$'000	HK$'000
(i)	**Revenues**		
	Total segment revenues	**13,338,697**	7,012,480
	Less:		
	Revenues of associated companies and joint ventures, attributable to the Group	**(1,454,270)**	(464,285)
	Revenues as presented in condensed consolidated income statement	**11,884,427**	6,548,195
(ii)	**Profit before taxation**		
	AOP before finance costs and after taxation charge	**3,266,159**	1,771,942
	Bank and other interest income - corporate	**67,315**	26,128
	Deferred tax charge on undistributed profits	**(77,588)**	(78,068)
	Corporate administrative expenses	**(135,136)**	(117,398)
	Finance costs	**(206,217)**	(169,153)
	AOP after corporate items	**2,914,533**	1,433,451
	Changes in fair value of investment properties, net of deferred taxation	**318,385**	523,866
	Net foreign exchange gains	**223,836**	390,025
	Amortisation of intangible assets	**(26,268)**	(26,268)
	Impairment of intangible assets	**(35,892)**	—
		480,061	887,623
	Profit attributable to equity holders of the Company	**3,394,594**	2,321,074
	Taxation charge	**2,530,558**	1,217,259
	Profit attributable to non-controlling interests	**134,940**	89,730
	Profit before taxation	**6,060,092**	3,628,063

3 Other income

	6 months ended 31 December	
	2013	2012
	HK$'000	HK$'000
Tax indemnity from the ultimate holding company	**751,284**	307,683
Bank and other interest income	**122,020**	62,555
Interest income from joint ventures, net of withholding tax (note)	**27,719**	40,281
Trademark fee income from joint ventures	**—**	22,308
	901,023	432,827

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

	6 months ended 31 December	
	2013	2012
	HK$'000	HK$'000
Share of shareholders' loan interest expenses of joint ventures	**(24,432)**	(32,154)

4 Other gains, net

	6 months ended 31 December	
	2013	2012
	HK$'000	HK$'000
Net foreign exchange gains	**226,410**	406,920
Gain/(loss) on disposal of investment properties	**77,938**	(5,790)
Impairment of intangible assets	**(35,892)**	—
	268,456	401,130

5 Operating profit before finance costs

	6 months ended 31 December	
	2013	2012
	HK$'000	HK$'000
Operating profit before finance costs is arrived at after charging:		
Cost of properties sold	**5,275,384**	2,694,450
Depreciation of property, plant and equipment	**98,644**	92,677
Amortisation of land use rights	**9,984**	10,724
Amortisation of intangible assets	**26,268**	26,268

6 Taxation charge

	6 months ended 31 December	
	2013	2012
	HK$'000	HK$'000
Current taxation		
PRC corporate income tax	**886,759**	640,633
PRC land appreciation tax	**1,489,694**	378,026
Deferred taxation	**154,105**	198,600
	2,530,558	1,217,259

Share of taxation of associated companies and joint ventures for the six months ended 31 December 2013 of HK$402,863,000 (2012: HK$135,891,000) is included in the condensed consolidated income statement as share of results of associated companies and joint ventures.

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits in Hong Kong for the period (2012: Nil). PRC corporate income tax has been provided on the estimated assessable profits of subsidiaries, associated companies and joint ventures operating in the PRC at 25% (2012: 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 31 December	
	2013	2012
	HK$'000	HK$'000
Profit attributable to equity holders of the Company	**3,394,594**	2,321,074

	Number of shares	
	6 months ended 31 December	
	2013	2012
Weighted average number of shares for calculating basic earnings per share	**8,667,659,582**	8,653,393,830
Effect of dilutive potential shares:		
Share options	**5,124,138**	3,456,379
Weighted average number of shares for calculating diluted earnings per share	**8,672,783,720**	8,656,850,209

8 Interim dividend

	6 months ended 31 December	
	2013	2012
	HK$'000	HK$'000
Interim dividend of HK$0.04 (2012: HK$0.03) per share	**346,972**	259,903

The directors have declared an interim dividend of HK$0.04 per share. It will be payable on or about Thursday, 15 May 2014 to shareholders whose names appear on the Register of Members of the Company on Wednesday, 16 April 2014.

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 31 December 2013 HK$'000	As at 30 June 2013 HK$'000
0 to 30 days	**1,139,614**	553,584
31 to 60 days	**276,420**	195,830
61 to 90 days	**361,653**	106,625
Over 90 days	**1,179,480**	1,095,356
	2,957,167	1,951,395

Sales proceed receivables in respect of sale of properties are settled in accordance with the instalment schedules as stipulated in the sales 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 31 December 2013 HK$'000	As at 30 June 2013 HK$'000
0 to 30 days	**5,534,734**	4,899,955
31 to 60 days	**71,980**	126,292
61 to 90 days	**49,491**	61,910
Over 90 days	**533,675**	371,477
	6,189,880	5,459,634

BUSINESS REVIEW

During the period under review, the Mainland China property market continued to sustain a steady growth with the support from concrete and genuine housing demand. The New Five Directives (「新國五條」) introduced since February 2013 proven to have limited effect on the market whereby the overall sale volume of residential units and prices in major cities continued at an upward trend throughout the period under review. Nevertheless, the Central government is determined to keep the continuity and stability of tightening policies and focusing on increasing land and housing supply of affordable houses. In the fourth quarter of 2013, local governments of major cities such as Beijing, Shanghai and Shenzhen and some second-tier cities which has been experiencing huge price hikes, introduced stricter measures to curb soaring property prices, including further increasing the down payment ratio and raising the threshold requirements for non-local home-buyers to be qualified for home purchase. Moreover, some Mainland banks have been slowing down their approval of mortgage lending amid cash-crunch conditions at the end of 2013.

During the period under review, the Group's secured contracted sales reached RMB9,320 million with gross floor area ("GFA") of 648,918 sq m, representing a year-on-year increase of 10% and 4% in gross sales value and sales volume respectively. The increase in sales volume reflected positive signs of sentiment revival and gradual improvement in market condition supported by concrete and genuine housing demand. Included in the remaining contracted sales secured and to be recorded, approximately 405,586 sq m GFA with gross sales proceeds of approximately RMB6,273 million are for those projects scheduled to be completed within the next 6 months and their corresponding sales revenues shall be recorded in the consolidated income statement of the second half of FY2014.

For the six months ended 31 December 2013, the Group posted a profit attributable to shareholders of HK$3,394.59 million which represents a year-on-year increase of 46% from HK$2,321.07 million achieved in six months ended 31 December 2012. The Group's core profit before revaluation, exchange difference, impairment and amortisation of intangible assets for the first half of FY2014 reported at HK$2,914.53 million, representing an increase of 103% from HK$1,433.45 million recorded in the corresponding period last year. The increase was largely contributed from property sales resulting from increase in completion and recorded sales by 150% and 189% respectively. The increase in profit attributable to shareholders was attributable to the increase in core profit from aforementioned property sales.

Analysis of Attributable operating profit

	6 months ended 31 December	
	2013	2012
	HK$'000	HK$'000
Property sales	**3,091,684**	1,596,849
Rental operation	**292,199**	278,763
Hotel operation	**(84,944)**	(68,391)
Property management services	**(52,864)**	(42,773)
Hotel management services	**2,148**	2,926
Other operations	**17,936**	4,568
AOP before finance costs and after taxation charge	**3,266,159**	1,771,942
Bank and other interest income – corporate	**67,315**	26,128
Deferred tax charge on undistributed profits	**(77,588)**	(78,068)
Corporate administrative expenses	**(135,136)**	(117,398)
Finance costs	**(206,217)**	(169,153)
AOP after corporate items	**2,914,533**	1,433,451
Changes in fair value of investment properties, net of deferred taxation	**318,385**	523,866
Net foreign exchange gains	**223,836**	390,025
Amortisation of intangible assets	**(26,268)**	(26,268)
Impairment of intangible assets	**(35,892)**	—
	480,061	887,623
Profit attributable to equity holders of the Company	**3,394,594**	2,321,074

Property sales

During the period under review, the Group's attributable operating profit ("AOP") from property sales operation rose 94% from an AOP of HK$1,596.85 million achieved in the first half of FY2013 to HK$3,091.68 million. The overall recorded property sale volume of the Group for the period under review surged by 188% to 771,109 sq m with gross sale proceeds registered at approximately RMB9,714.2 million. The increase in AOP from property sales operation was mainly due to increase in property projects completion and recorded sales volume by over 150% and 189% respectively during the period under review.

The Group's overall gross profit margin achieved during the period under review dropped moderately to 50.9% from 51.2% achieved in the first half of FY2013, whilst the average selling price for the period under review decreased by RMB4,962 per sq m compared to RMB18,035 per sq m recorded in the last corresponding period to RMB13,073 per sq m. The slight decrease in overall gross profit margin and dropped in average selling price was mainly due to difference in recorded sale mix of both periods. During the period under review, approximately 16% of the total recorded sale amount was from property projects in third-tier cities, comparing to only 1% of recorded sales amount in the last corresponding period was from such third-tier cities.

In the first half of FY2014, the Group has completed 9 property development projects for sale in Beijing, Shenyang, Wuhan, Guangzhou, Guiyang, Zhaoqing and Zhuhai with a total GFA of 955,166 sq m, comprising 892,872 sq m of residential, 30,910 sq m of commercial, 20,612 sq m of office space and 10,772 sq m of resident car park space.

Development property projects for sale completed in 1H FY2014	Usage	Total GFA (sq m)	NWCL's interest
Beijing Xin Yi Garden Phase III (北京新怡家園三期)	O, C	21,556	70%
Shenyang New World Garden Phase II B (瀋陽新世界花園二期 B)	R, C	466,393	100%
Shenyang New World Commercial Centre Phase I (瀋陽新世界商業中心一期)	C	46,174	100%
Wuhan Menghu Garden Phase III B (武漢夢湖香郡三期 B)	R	4,614	100%
Wuhan Changqing Nanyuan Phase III (武漢常青南園三期)	R, C	26,688	60%
Guangzhou Park Paradise Phase IV C (廣州嶺南新世界四期 C)	R	122,726	100%
Guiyang Jinyang Sunny Town Phase II (貴陽金陽新世界二期)	R	96,079	50%
Zhaoqing New World Garden Phase IV (肇慶新世界花園四期)	R, P	46,620	100%
Zhuhai New World Garden Phase IV (珠海金海新世界花園四期)	R, C, P	124,316	100%
Total		**955,166**	

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

Rental operation

During the period under review, the Group's rental operation recorded an AOP of HK$292.20 million, representing a 5% increase compared to that of the corresponding period last year. The increase in AOP from rental operation was mainly attributable to increase in rental contributions from full operation of Shanghai Hong Kong New World Tower K11 Mall and increase in AOP from Wuhan New World International Trade Tower resulted from increase in average rental rate upon renewal of tenancy.

During the period under review, the Group completed 17,621 sq m retail properties and 240,354 sq m resident car park space.

Hotel operation

During the period under review, the AOP from hotel operation recorded at a loss of HK$84.94 million as opposed to a loss of HK$68.39 million recorded in the corresponding period last year. The decrease in overall AOP from hotel operation was mainly due to the pre-operating expenses incurred for newly completed hotels, namely, New World Beijing Hotel and New World Hotel Guiyang which were scheduled to be opened in the current financial year. However, excluding New World Beijing Hotel which has soft-opened in November 2013, the occupancy and room rates of the Group's hotels portfolio has improved during the period under review. The negative impact of the Central Government's anti-corruption initiatives introduced since the first half of 2013 continued to affect the overall performance of the Group's hotel operation.

The Group's hotel portfolio currently comprises seven hotels with 2,549 rooms.

Hotel portfolio	**Number of rooms**
pentahotel Beijing (北京貝爾特酒店)	307
New World Beijing Hotel (北京新世界酒店)	309
New World Shanghai Hotel (上海巴黎春天新世界酒店)	558
pentahotel Shanghai (上海貝爾特酒店)	258
New World Dalian Hotel (大連新世界酒店)	420
New World Wuhan Hotel (武漢新世界酒店)	327
New World Shunde Hotel (順德新世界酒店)	370
Total	**2,549**

OUTLOOK

After the new leadership of the Central Government came into power, it was clearly addressed that the market should play a determining role in resource allocation, which implied that among the property control measures, “market-oriented” measures will receive more focus and administrative intervention will be gradually reduced. On the other hand, the Ministry of Housing and Urban-Rural Development and the National Development and Reform Commission have commenced the research on the long-term mechanism for property control which was primarily about establishing the financial and taxation, as well as legal systems targeted at real estate market, such as property taxes. The goals of market adjustment and promotion of healthy development of property market could be achieved through conducting market rules. Since such long-term mechanism involved various levels such as legal, taxation and information regarding property rights, it was expected that such measures would not be adopted nationally in the near future. However, the market is concerned about whether the pilot property tax programme will be expanded to other cities and is closely monitoring the specific provisions of the relevant measures in order to evaluate the impact on the property market.

The Central Economic Work Conference of the previous year has stated clearly that efforts should be paid to satisfy the basic housing need. In 2014, the construction of affordable housing such as low-rental residential housing and public rental housing will be increased and the transformation of shanty towns will be accelerated. Since 2011, the construction of 24 million units of affordable housing in various types has been commenced. On such extrapolation, the goal of constructing 36 million units of affordable housing under the “Twelfth Five-year” Plan can be achieved as long as the annual average number of newly-commenced affordable housing in 2014 and 2015 can be guaranteed at 6 million units. Furthermore, the Ministry of Land and Resources has indicated that the primary tasks in 2014 would be to improve the control of land supply. To sum up, the national housing land supply was 138,200 hectares in 2013, representing a year-on-year increase of 24.7%. It shows that the focus of the property control measures was shifting from suppressing demand and property prices to increasing the housing supply in order to reach a balance of supply and demand in the property market.

Generally speaking, the property control measures in 2014 will continue to be characterised by regional differences. The control in first-tier and certain core second-tier cities will still be strict, and the current strict purchase restriction, price limitation and relatively tight mortgaging financing policies will continue to be enforced in the soon future. On the contrary, the new urbanisation scheme proposed by the new leadership promotes the development of metropolitan areas so as to reduce the population pressures of extra-large cities. Therefore, the property control measures in second- and third-tier cities will become relatively loose. This will be beneficial to the long-term development of certain second- and third-tier cities with economic potential, and policy risks faced by such areas will be relatively low.

Currently, the Group has expanded into more than 20 first-, second- and third-tier cities in Mainland China with a landbank of over 25 million sq m, of which about 80% of residential floor area is located in second- and third-tier cities. In order to grasp market opportunities while diversifying policy risks at the same time, the Group will maintain a healthy balance of business coverage in first-, second- and third-tier cities, and it is expected that the future gross profit margin will be maintained at a healthy level. The Group will continue to actively promote the development of product standardisation and the regional centralised procurement systems with a view to achieving the goals of accelerating the project development cycles and optimising cost control. In addition, the Group will keep up with changes in the market, launch products which meet the needs of customers in a timely manner and speed up sales turnover. Save for paying efforts to enhance the quality of products and services continuously, the Group will adhere to the objective of "sustainable development" and integrate the elements of green lives and human natures into the project design in order to create blissful living environment for customers.

In 2014, China's economic reform will march into a new and important stage. While reform will bring about challenges, urbanisation will bring opportunities to the property market simultaneously. Therefore, the Group will take a prudent and optimistic view towards the prospects of the property market. The strong financial strength and extensive market experience of the Group as well as its national brand with good reputation will enable the Group to cope with market challenges and capture opportunities, and continue to create value for the shareholders.

In the second half of FY2014, the Group plans to complete 10 properties projects for sale with a total GFA of 753,131 sq m, comprising 739,947 sq m of residential and 13,184 sq m of commercial for sale. With increasing proportion of property projects to be completed in the next two years being located at second- and third-tier cities, the Group expects that the achievable overall gross profit margin from property sales will be maintained at the level of over 35%.

Properties for sale to be completed in 2H FY2014	**Usage**	**Total GFA (sq m)**	**NWCL's interest**
Langfang New World Centre (廊坊新世界中心)	R, C	20,802	100%
Tianjin Xin Hui Hua Ting (天津新匯華庭)	R	190,687	100%
Jinan Sunshine Garden Phase III (濟南陽光花園三期)	R	144,336	100%
Dalian New World Tower (大連新世界大廈)	R	83,571	100%
Wuhan Changqing Nanyuan Phase III (武漢常青南園三期)	R, C	43,780	60%
Wuhan Changqing Garden Phase IX (武漢常青花園九期)	R, C	90,450	60%
Changsha La Ville New World Phase II A (長沙新城新世界二期 A)	R, C	61,320	48%
Guangzhou Park Paradise Phase IV C (廣州嶺南新世界四期 C)	R	45,756	100%
Huiyang Palm Island Resort Phase VI (惠陽棕櫚島六期)	R	17,036	59%
Haikou Meilisha Project Phase I (海口美麗沙項目一期)	R	55,393	100%
Total		**753,131**	

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2013, the Group's cash and bank deposits amounted to HK$19,945.08 million (30 June 2013: HK$19,337.20 million).

The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK$18,276.02 million (30 June 2013: HK$17,665.13 million), translating into a gearing ratio of 29.8% (30 June 2013: 30.6%). 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 31 December 2013 totalled HK$35,782.44 million (30 June 2013: HK$34,464.87 million) of which 21.5% were secured by way of charges over assets and 78.5% 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 31 December 2013 HK$'million	As at 30 June 2013 HK$'million
Repayable:		
Within one year	**5,247.99**	5,995.17
Between one and two years	**16,315.17**	12,500.72
Between two and five years	**12,533.72**	14,175.01
After five years	**1,685.56**	1,793.97
Total	**35,782.44**	34,464.87

As at 31 December 2013, the Group's committed unutilised bank loan facilities amounted to HK$3,719.56 million (30 June 2013: HK$3,424.27 million).

Capital expenditure commitments

The capital expenditure commitments of the Group as at 31 December 2013 were HK$2,955,666,000 (30 June 2013: HK$3,233,588,000) of which HK$2,741,545,000 (30 June 2013: HK$2,900,509,000) were contracted but not provided for in the financial statements and HK$214,121,000 (30 June 2013: HK$333,079,000) were authorised but not contracted for. The sources of funding for capital commitments are internally generated resources and bank loan facilities.

Foreign currency exposure

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

CONTINGENT LIABILITIES

As at 31 December 2013, the Group has contingent liabilities of approximately HK$2,879,414,000 (30 June 2013: HK$1,640,794,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain joint ventures.

As at 31 December 2013, 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$1,883,736,000 (30 June 2013: HK$1,595,251,000).

DETAILS OF CHARGES ON GROUP'S ASSETS

As at 31 December 2013, the Group's property, plant and equipment, investment properties, land use rights, properties held for development and properties under development of HK$1,484,362,000 (30 June 2013: HK$395,817,000), HK$5,433,271,000 (30 June 2013: HK$5,400,318,000), HK$238,024,000 (30 June 2013: HK$238,343,000), HK$367,982,000 (30 June 2013: HK$813,670,000) and HK$4,600,570,000 (30 June 2013: HK$4,315,781,000) 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 31 December 2013, the Group has 9,626 full-time employees. Total staff related costs incurred during the period under review were HK$306.07 million (2012: HK$251.31 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 31 December 2013 and discussed the financial related matters with management and external auditor. The unaudited interim financial statements of the Group for the six months ended 31 December 2013 have been reviewed by the Group external auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE CODE

The Company has complied with Corporate Governance Code contained in Appendix 14 to the Listing Rules during the six months ended 31 December 2013, except for the following deviation:

Code provision A.2.1

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK$0.04 per share for the year ending 30 June 2014. It will be payable on or about Thursday, 15 May 2014 to shareholders whose names appear on the Register of Members of the Company on Wednesday, 16 April 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed on Tuesday, 15 April 2014 to Wednesday, 16 April 2014 (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 Monday, 14 April 2014.

Dr Cheng Kar-shun, Henry
Chairman and Managing Director

Hong Kong, 25 February 2014

As at the date of this announcement, the executive directors are 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; and independent non-executive directors are Dr Cheng Wai-chee, Christopher, Hon Tien Pei-chun, James, Mr Lee Luen-wai, John and Mr Ip Yuk-keung, Albert.