新世界發展有限公司
New World Development Company Limited
(incorporated in Hong Kong with limited liability)
(Hong Kong Stock Code: 0017)

Annual Results Announcement 2013/2014

RESULTS

The board of directors (the "Board") of New World Development Company Limited (新世界發展有限公司) (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2014 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 30 June 2014

	Note	**2014 HK\$m**	2013 HK\$m
Revenues	2	**56,501.1**	46,779.9
Cost of sales		**(34,947.6)**	(28,354.6)
Gross profit		**21,553.5**	18,425.3
Other income		**247.2**	198.8
Other gains, net		**2,313.0**	999.0
Selling and marketing expenses		**(1,675.4)**	(1,416.2)
Administrative and other operating expenses		**(7,040.7)**	(6,381.0)
Changes in fair value of investment properties		**1,425.5**	7,460.8
Operating profit	3	**16,823.1**	19,286.7
Financing income		**1,083.5**	1,008.4
Financing costs		**(1,927.1)**	(1,703.6)
		15,979.5	18,591.5
Share of results of			
Joint ventures		**1,994.5**	3,399.3
Associated companies		**1,102.0**	1,320.4
Profit before taxation		**19,076.0**	23,311.2
Taxation	4	**(5,738.2)**	(4,794.8)
Profit for the year		**13,337.8**	18,516.4
Attributable to:			
Shareholders of the Company		**9,725.4**	14,148.7
Non-controlling interests		**3,612.4**	4,367.7
		13,337.8	18,516.4
Dividends		**3,372.7**	2,645.2
Earnings per share	5		Adjusted
Basic		**HK\$1.37**	HK\$2.14
Diluted		**HK\$1.37**	HK\$2.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2014

	2014	2013
	HK$m	HK$m
Profit for the year	**13,337.8**	18,516.4
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Revaluation of investment properties upon reclassification from property, plant and equipment	**3.9**	96.3
- deferred tax arising from revaluation thereof	**(1.0)**	(24.1)
Remeasurement of post employment benefit obligation	**(3.5)**	-
Items that had been reclassified/may be reclassified subsequently to profit or loss		
Fair value changes of available-for-sale financial assets	**(744.1)**	498.4
- deferred tax arising from fair value changes thereof	**100.0**	(141.5)
Release of investment revaluation deficit to the income statement upon impairment of available-for-sale financial assets	**3.4**	187.5
Release of reserve upon disposal of assets held for sale	**-**	(2.2)
Release of reserve upon disposal of available-for-sale financial assets	**43.3**	(90.4)
Release of reserve upon disposal of subsidiaries	**(86.8)**	-
Release of reserve upon deemed disposal of interests in joint ventures and disposal of interests in an associated company	**(121.4)**	-
Share of other comprehensive income of joint ventures and associated companies	**(403.4)**	231.8
Cash flow hedges	**15.8**	55.1
Translation differences	**(885.9)**	2,259.0
Other comprehensive income for the year	**(2,079.7)**	3,069.9
Total comprehensive income for the year	**11,258.1**	21,586.3
Attributable to:		
Shareholders of the Company	**8,292.0**	16,112.9
Non-controlling interests	**2,966.1**	5,473.4
	11,258.1	21,586.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	**2014 HK$m**	2013 HK$m
ASSETS			
Non-current assets			
Investment properties		**77,384.6**	71,691.2
Property, plant and equipment		**18,290.8**	15,322.9
Land use rights		**2,374.7**	2,206.8
Intangible concession rights		**15,584.4**	16,541.4
Intangible assets		**4,662.5**	4,139.3
Interests in joint ventures		**45,748.2**	43,255.9
Interests in associated companies		**16,994.0**	16,813.8
Available-for-sale financial assets		**4,729.4**	4,395.3
Held-to-maturity investments		**40.9**	39.9
Financial assets at fair value through profit or loss		**607.6**	275.9
Derivative financial instruments		**39.5**	61.4
Properties for development		**25,242.5**	27,620.1
Deferred tax assets		**764.7**	814.2
Other non-current assets		**1,572.5**	2,872.0
		214,036.3	206,050.1
Current assets			
Properties under development		**48,713.4**	45,888.3
Properties held for sale		**20,266.7**	16,023.4
Inventories		**561.0**	573.5
Available-for-sale financial assets		**-**	583.5
Debtors and prepayments	6	**23,258.1**	21,245.9
Financial assets at fair value through profit or loss		**0.6**	0.8
Derivative financial instruments		**45.1**	19.3
Restricted bank balances		**97.4**	168.5
Cash and bank balances		**61,725.8**	40,091.4
		154,668.1	124,594.6
Non-current assets classified as assets held for sale	7	**523.0**	1,544.4
		155,191.1	126,139.0
Total assets		**369,227.4**	332,189.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	**2014** **HK$m**	2013 HK$m
EQUITY			
Share capital	8	**63,761.3**	6,311.6
Reserves	8	**93,447.5**	130,925.5
Proposed final dividend		**2,599.5**	1,893.5
Shareholders' funds		**159,808.3**	139,130.6
Non-controlling interests		**40,468.2**	38,614.4
Total equity		**200,276.5**	177,745.0
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**88,229.9**	79,229.9
Deferred tax liabilities		**9,011.9**	8,387.2
Derivative financial instruments		**864.6**	928.6
Other non-current liabilities		**774.0**	751.6
		98,880.4	89,297.3
Current liabilities			
Creditors and accrued charges	9	**31,299.5**	32,895.1
Current portion of long-term borrowings		**23,485.4**	17,890.9
Short-term borrowings		**8,863.8**	9,291.9
Current tax payable		**6,421.8**	5,068.9
		70,070.5	65,146.8
Total liabilities		**168,950.9**	154,444.1
Total equity and liabilities		**369,227.4**	332,189.1
Net current assets		**85,120.6**	60,992.2
Total assets less current liabilities		**299,156.9**	267,042.3

Notes:

1. Basis of preparation

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

(a) Adoption of new or revised standards, amendments to standards and interpretation

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

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

The adoption of these new or revised standards, amendments to standards and interpretation results in a change to the Group's accounting policies and disclosures below.

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. Joint ventures are accounted for using the equity method. The assets that the Group has the rights and liabilities that the Group has the obligations in relation to the joint operations are recognised in the consolidated statement of financial position on an accrual basis and classified according to the nature of the item. The share of expenses that the Group incurs and its share of income that it earns from the joint operations are included in the consolidated income statement.

HKFRS 12 "Disclosure of Interests in Other Entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The adoption of HKFRS 12 requires additional disclosures for subsidiaries with material non-controlling interests to the Group.

HKFRS 13 "Fair Value Measurement" defines fair value and provides a single source of fair value measurement and disclosure requirements for use across HKFRS. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities, but it affects certain financial statement presentation and requires additional disclosures.

1. **Basis of preparation (continued)**

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

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

Effective for the year ending 30 June 2015	
HKAS 19 (Amendment)	Employee Benefits: Defined Benefit Plans – Employee Contributions
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011)	Investment Entities
Annual Improvements Project	Annual Improvements 2010–2012 Cycle
Annual Improvements Project	Annual Improvements 2011–2013 Cycle
Effective for the year ending 30 June 2016 or after	
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 9	Financial Instruments
HKFRS 9	Financial Instruments (Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39)
HKFRS 14	Regulatory Deferral Accounts
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation

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 operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements. The Group is not yet in a position to ascertain their impact on its results of operations and financial position.

2. **Revenues and segment information**

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

	2014 **HK$m**	2013 HK$m
Revenues		
Property sales	**29,329.2**	24,249.2
Rental	**2,348.3**	2,188.4
Contracting	**7,122.3**	2,712.6
Provision of services	**6,664.5**	6,956.3
Infrastructure operations	**2,345.8**	2,223.5
Hotel operations	**3,751.4**	3,482.3
Department store operations	**3,975.4**	3,954.1
Others	**964.2**	1,013.5
Total	**56,501.1**	46,779.9

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

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

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

2. Revenues and segment information (continued)

	Property development HK$m	Property investment HK$m	Service HK$m	Infra-structure HK$m	Hotel operations HK$m	Department stores HK$m	Others HK$m	Consolidated HK$m
2014								
Total revenues	29,367.1	2,625.6	20,604.7	2,345.8	3,751.4	3,975.4	1,168.2	63,838.2
Inter-segment	(37.9)	(277.3)	(6,817.9)	-	-	-	(204.0)	(7,337.1)
Revenues - external	29,329.2	2,348.3	13,786.8	2,345.8	3,751.4	3,975.4	964.2	56,501.1
Segment results	9,540.8	1,507.1	913.8	1,085.0	511.9	543.2	13.9	14,115.7
Other gains, net	160.0	(34.8)	89.1	603.8	(135.9)	(24.0)	1,654.8	2,313.0
Changes in fair value of investment properties	-	1,314.1	111.4	-	-	-	-	1,425.5
Unallocated corporate expenses								(1,031.1)
Operating profit								16,823.1
Financing income								1,083.5
Financing costs								(1,927.1)
								15,979.5
Share of results of								
Joint ventures	26.1	698.5	225.1	1,253.8	(151.6)	-	(57.4)	1,994.5
Associated companies	20.0	241.9	387.3	179.4	1.1	-	272.3	1,102.0
Profit before taxation								19,076.0
Taxation								(5,738.2)
Profit for the year								13,337.8
Segment assets	108,579.2	76,806.2	11,617.0	18,112.1	13,928.4	7,048.1	7,721.7	243,812.7
Interests in joint ventures	13,411.4	11,796.5	3,490.5	15,281.2	1,184.7	-	583.9	45,748.2
Interests in associated companies	987.6	2,669.2	7,726.6	5,369.8	1.1	-	239.7	16,994.0
Unallocated assets								62,672.5
Total assets								369,227.4
Segment liabilities	16,521.7	1,099.5	6,056.2	814.7	929.1	4,491.5	2,160.8	32,073.5
Unallocated liabilities								136,877.4
Total liabilities								168,950.9
Additions to non-current assets (Note)	7,915.0	4,092.6	239.5	14.2	2,849.3	1,049.7	1,035.9	17,196.2
Depreciation and amortisation	67.2	11.0	150.4	768.1	530.9	391.6	353.8	2,273.0
Impairment charge and provision	-	-	-	-	125.9	-	101.8	227.7

2. Revenues and segment information (continued)

	Property development HK$m	Property investment HK$m	Service HK$m	Infra-structure HK$m	Hotel operations HK$m	Department stores HK$m	Others HK$m	Consolidated HK$m
2013								
Total revenues	24,768.0	2,411.8	14,897.5	2,223.5	3,482.3	3,954.1	1,108.7	52,845.9
Inter-segment	(518.8)	(223.4)	(5,228.6)	-	-	-	(95.2)	(6,066.0)
Revenues - external	24,249.2	2,188.4	9,668.9	2,223.5	3,482.3	3,954.1	1,013.5	46,779.9
Segment results	6,891.9	1,330.8	1,167.0	1,119.3	517.5	743.7	(5.1)	11,765.1
Other gains, net	310.1	13.0	40.8	317.3	0.4	(31.9)	349.3	999.0
Changes in fair value of investment properties	-	7,127.2	333.6	-	-	-	-	7,460.8
Unallocated corporate expenses								(938.2)
Operating profit								19,286.7
Financing income								1,008.4
Financing costs								(1,703.6)
								18,591.5
Share of results of								
Joint ventures	378.6	1,095.6	144.5	1,310.7	(61.4)	-	531.3	3,399.3
Associated companies	68.0	570.0	397.0	32.0	(5.9)	-	259.3	1,320.4
Profit before taxation								23,311.2
Taxation								(4,794.8)
Profit for the year								18,516.4
Segment assets	106,697.6	72,575.5	10,626.9	16,828.3	11,511.6	6,446.5	6,278.2	230,964.6
Interests in joint ventures	10,101.1	11,123.0	3,635.3	16,256.4	1,268.7	-	871.4	43,255.9
Interests in associated companies	901.9	3,256.5	8,432.2	1,523.8	101.8	-	2,597.6	16,813.8
Unallocated assets								41,154.8
Total assets								332,189.1
Segment liabilities	20,700.2	1,049.3	3,808.6	590.8	965.8	4,859.4	1,672.6	33,646.7
Unallocated liabilities								120,797.4
Total liabilities								154,444.1
Additions to non-current assets (Note)	9,254.9	3,888.6	210.5	10.7	2,727.7	262.1	463.5	16,818.0
Depreciation and amortisation	60.4	7.0	139.0	718.3	446.6	393.4	115.7	1,880.4
Impairment charge and provision	-	-	-	-	-	118.2	201.9	320.1

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

	Revenues HK$m	**Non-current assets (Note) HK$m**
2014		
Hong Kong	**26,688.3**	**68,410.4**
Mainland China	**28,606.7**	**72,424.4**
Others	**1,206.1**	**2,704.7**
	56,501.1	**143,539.5**
2013		
Hong Kong	24,418.0	68,717.2
Mainland China	21,756.1	67,872.9
Others	605.8	2,199.3
	46,779.9	138,789.4

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

3. **Operating profit**

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

	2014 HK$m	2013 HK$m
Other investment income	**247.2**	198.8
Gain on deemed disposal of interests in joint ventures	**594.3**	-
Net gain/(loss) on disposal of		
Available-for-sale financial assets	**198.2**	143.6
Assets held for sale	**(46.0)**	59.8
Associated companies	**1,749.4**	-
Joint ventures	**18.6**	-
Subsidiaries	**119.8**	-
Gain on remeasuring previously held interest of a joint venture at fair value upon further acquisition to become a subsidiary	**67.3**	11.9
Cost of inventories sold	**(20,970.6)**	(19,059.1)
Depreciation and amortisation	**(2,273.0)**	(1,880.4)
Impairment loss on		
Available-for-sale financial assets	**(6.6)**	(201.9)
Intangible assets	**(125.9)**	-
Loans and other receivables	**(91.1)**	-
Property, plant and equipment	**(4.1)**	(118.2)
Net exchange (loss)/gain	**(344.1)**	743.0

4. Taxation

	2014 HK$m	2013 HK$m
Current taxation		
Hong Kong profits tax	**864.0**	1,077.4
Mainland China and overseas taxation	**2,069.4**	2,041.4
Mainland China land appreciation tax	**2,425.0**	1,498.4
Deferred taxation		
Valuation of investment properties	**143.8**	195.3
Other temporary differences	**236.0**	(17.7)
	5,738.2	4,794.8

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year.

Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 9% to 25% (2013: 9% to 25%).

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2013: 30% to 60%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

Share of results of joint ventures and associated companies is stated after deducting the share of taxation of joint ventures and associated companies of HK$942.1 million and HK$121.8 million (2013: HK$1,207.3 million and HK$116.9 million) respectively.

5. Earnings per share

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

	2014 HK$m	2013 HK$m
Profit attributable to shareholders of the Company	**9,725.4**	14,148.7
Effect of dilutive potential ordinary shares in respect of convertible bonds issued by a subsidiary:		
Interest expense	**342.5**	349.2
Adjustment on the effect of dilution in the results of subsidiaries	**(2.5)**	(1.5)
Profit for calculating diluted earnings per share	**10,065.4**	14,496.4

	Number of shares (million)	
	2014	2013 Adjusted
Weighted average number of shares for calculating basic earnings per share	**7,102.5**	6,601.1
Effect of dilutive potential ordinary shares upon the conversion of convertible bonds	**257.1**	267.4
Effect of dilutive potential ordinary shares upon the exercise of share options	**5.5**	18.5
Weighted average number of shares for calculating diluted earnings per share	**7,365.1**	6,887.0

The earnings per share for the year ended 30 June 2013 have been adjusted to reflect the effect of rights issue of the Company during the year.

Diluted earnings per share for the year ended 30 June 2014 and 2013 assumed the effects of conversion of convertible bonds and exercise of share options outstanding during the year since they would have a dilutive effect.

6. Trade debtors

Aging analysis of trade debtors is as follows:

	2014 **HK$m**	2013 HK$m
Current to 30 days	**3,751.6**	2,183.5
31 to 60 days	**731.1**	316.6
Over 60 days	**1,959.7**	1,547.0
	6,442.4	4,047.1

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

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

	2014 **HK$m**	2013 HK$m
Listed securities		
Equity securities listed in Hong Kong	**7.8**	7.8
Unlisted equity securities (Note a)	**-**	743.6
Investment properties	**131.1**	793.0
Interests in an associated company (Note b)	**384.1**	-
	523.0	1,544.4

Note:

(a) Pursuant to an announcement made by NWS Holdings Limited ("NWSH", a subsidiary of the Group) on 25 February 2013 in relation to the establishment of a company with other major port operators in Xiamen which would involve the injection of the two port investments of NWSH in Xiamen - Xiamen New World Xiangyu Terminals Co., Ltd ("NWXY Terminal") and Trend Wood Investments Limited ("Trend Wood", which invested in Xiamen Haicang Xinhaida Container Terminals Co., Limited) in exchange for a 13.8% interest in the new company, the carrying values of NWXY Terminal and Trend Wood, thereafter, had been reclassified as assets held for sale as at 30 June 2013. The new company, namely Xiamen Container Terminal Group Co., Ltd. ("XCTG"), was legally established in December 2013 and a gain on deemed disposal of interests in joint ventures of HK$594.3 million was recognised for the year ended 30 June 2014. The Group's investment in XCTG was accounted for as an associated company as at 30 June 2014.

(b) On 26 May 2014, a subsidiary of the Group entered into an agreement with a related party to dispose of all of its interests in an associated company for a consideration of approximately HK$425.0 million. The transaction was completed in July 2014.

8. Share capital and reserves

Under the Hong Kong Companies Ordinance (Cap. 622), which became effective on 3 March 2014, the concept of authorised share capital no longer exists. In accordance with the said Ordinance, the Company's shares no longer have a par or nominal value. There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders as a result of this transition. In addition, in accordance with the transitional provisions set out in section 37 of Schedule 11 of the said Ordinance, any amount standing to the credit of the share premium and the capital redemption reserve has become part of the Company's share capital.

9. Trade creditors

Aging analysis of trade creditors is as follows:

	2014 **HK$m**	2013 HK$m
Current to 30 days	**7,301.1**	7,365.7
31 to 60 days	**751.5**	1,202.3
Over 60 days	**1,342.9**	1,162.8
	9,395.5	9,730.8

10. Contingent liabilities

The Group's contingent liabilities as at 30 June 2014 amounted to HK$8,980.9 million (2013: HK$8,642.5 million).

11. Event subsequent to year end

On 15 May 2014, Sino-French Holdings (Hong Kong) Limited ("SFH", a 50% owned joint venture of NWSH) and a third party entered into a conditional share purchase agreement pursuant to which SFH agreed to sell 90% of the issued share capital in Sino-French Energy Development Company Limited ("SFED") together with the assignment of the shareholder loans owed by SFED to SFH at the aggregate cash consideration of US$612.0 million (equivalent to HK$4,755.24 million) (the "Disposal"). SFED owns approximately 42.2% interest in Companhia de Electricidade de Macau – CEM, S.A. ("Macau Power").

In connection with the Disposal, SFH has granted a put option (the "Option") to King Class Limited ("KCL", the 10% shareholder of SFED) to require SFH to purchase, through a special purpose vehicle, effectively 9% of the issued share capital in SFED and 90% shareholder loans owed by SFED to KCL within a period of around seven months after the completion of the Disposal.

The Disposal was completed on 15 July 2014. As at the date of this announcement, the Option has not been exercised by KCL and accordingly, SFH ceased to have any interest in SFED. The expected gain to be shared by NWSH for the year ending 30 June 2015 amounts to approximately HK$1.5 billion.

DIVIDENDS

The Directors have resolved to recommend a final dividend for the year ended 30 June 2014 of HK$0.30 per share (2013: HK$0.30 per share) to shareholders whose names appear on the register of members of the Company on 24 November 2014. Together with the interim dividend of HK$0.12 per share, the total dividend for the financial year ended 30 June 2014 is HK$0.42 per share (2013: HK$0.42 per share).

The Directors propose that shareholders be given the option to receive the final dividend in new shares in lieu of cash. The scrip dividend arrangement is subject to (1) the approval of the proposed final dividend at the annual general meeting to be held on 19 November 2014 ("2014 AGM"); and (2) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of and permission to deal in the new shares to be issued pursuant to this proposal. A circular containing the details of the scrip dividend arrangement will be despatched to shareholders together with the form of election for scrip dividend on or about 26 November 2014. It is expected that the final dividend warrants and share certificates for the scrip dividend will be despatched to shareholders on or about 30 December 2014.

BOOK CLOSE DATES FOR 2014 AGM

Book close dates (both days inclusive)	:	12 November 2014 to 19 November 2014
Latest time to lodge transfers with Share Registrar	:	4:30 p.m. on Tuesday, 11 November 2014
Address of Share Registrar	:	Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

RECORD DATE FOR PROPOSED FINAL DIVIDEND

Record date and latest time to lodge transfers with Share Registrar	:	4:30 p.m. on Monday, 24 November 2014
Address of Share Registrar	:	Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 4 June 2014, the maturity date of the HK$6,000,000,000 zero coupon guaranteed convertible bonds (the "Bonds") issued by Sherson Limited ("Sherson"), a wholly owned subsidiary of the Company, all outstanding Bonds were redeemed by Sherson at 128.3716% of the principal amount.

Save as disclosed above, the Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

EMPLOYEES

At 30 June 2014, over 50,000 staff was employed by entities under the Group's management. Remuneration policies are reviewed annually. Remuneration and bonuses are awarded to employees based on individual performances and are in line with market practices. Education subsidies are granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. Under the share options schemes of the Company and all the listed subsidiaries of the Group, options may be granted to certain Directors of the Company and certain employees of the Group to subscribe for shares in the Company and/or the respective subsidiaries.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Audit Committee was established in accordance with requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee has reviewed the systems of internal control and the financial statements for the year ended 30 June 2014.

The financial data in respect of this results announcement of the Group's results for the year ended 30 June 2014 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor on this results announcement.

CORPORATE GOVERNANCE CODE

Throughout the year ended 30 June 2014, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, with the exception of code provision A.6.4.

Code provision A.6.4 is in relation to guidelines for securities dealings by relevant employees. As required under code provision A.6.4, the Board should establish for its relevant employees written guidelines no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules in respect of their dealings in the securities of the Company. Instead of following the Model Code strictly, the Board has established its own guidelines which are not on no less exacting terms than the Model Code. Such deviation from the CG Code is considered necessary, mainly because of the huge size of employees of the Group which is over 50,000, and the Group's diversified businesses. For these reasons, to follow the exact guidelines of the Model Code will cause immense administrative burden to the Company in processing written notifications from the relevant employees when they deal in the securities of the Company, which can be avoided under the Company's own guidelines.

MAJOR ACQUISITIONS AND DISPOSAL

1. On 27 May 2013, the Group, through New World Department Store China Limited ("NWDS", a subsidiary of the Group), entered into an agreement with independent third parties to acquire the entire equity interest in Shanghai Hongxin Properties Company Limited ("Hongxin Co") for a gross consideration of RMB1,250.0 million (equivalent to approximately HK$1,582.3 million). Hongxin Co owns and operates a shopping mall in Shanghai. The acquisition was completed on 30 July 2013.

2. On 26 November 2013, the Group, through NWDS, acquired 100% of the entire interest in Shanghai New World Huizi Department Store Co., Ltd. ("Shanghai Huizi") for a consideration of RMB280.0 million (equivalent to approximately HK$354.4 million) from independent third parties. Shanghai Huizi is engaged in the operations of a department store in Shanghai.

3. On 17 December 2013, the Group, through NWSH, entered into an agreement with independent third parties to acquire approximately 8.84% of the total issued share capital of Beijing Capital International Airport Co., Ltd. ("BCIA") for a consideration of HK$2,356.0 million (exclusive of transaction costs). BCIA is engaged in operation of an international airport in Beijing and accounted for as an associated company of the Group. The transaction was completed on 20 December 2013.

4. On 20 December 2013, the Company and Upper Start Holdings Limited ("Upper Start"), a wholly owned subsidiary of the Group, entered into a share purchase agreement with HKT Limited ("HKT"), CSL New World Mobility Limited ("CSLNW"), Telstra Holdings (Bermuda) No. 2 Limited ("Telstra Bermuda") and Telstra Corporation Limited pursuant to which Telstra Bermuda and Upper Start had conditionally agreed to sell and HKT had conditionally agreed to purchase the entire issued share capital of CSLNW, an associated company of the Group, for an aggregate purchase price of US$2,425.0 million (equivalent to approximately HK$18,866.5 million) subject to adjustments. The share of consideration to be received by Upper Start amounted to approximately US$572.3 million (equivalent to approximately HK$4,452.5 million). The transaction was completed on 14 May 2014 and the Group recognised a gain on disposal of interests in an associated company of approximately HK$1,751.8 million for the year ended 30 June 2014.

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

	FY2014 HK$m	FY2013 HK$m
Consolidated net debt	**54,738.8**	62,493.0
NWSH (stock code: 0659)	**10,030.6**	9,911.3
NWCL (stock code: 0917)	**19,856.2**	15,127.7
NWDS – net cash and bank balances (stock code: 0825)	**(830.3)**	(2,300.2)
Net debt (exclude listed subsidiaries)	**25,682.3**	39,754.2

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

The Group's borrowings were mainly arranged on a floating rate basis. The Group used interest rate swaps and foreign currency swap to hedge part of the Group's underlying interest rate and foreign exchange exposure. As at 30 June 2014, the Group had outstanding derivative instruments in the amounts of HK$5,800.0 million and US$600.0 million (equivalent to approximately HK$4,662.0 million). As at 30 June 2014, the Group had outstanding foreign currency swap contracts in the amounts of RMB1,000.0 million (equivalent to approximately HK$1,250.0 million) and US$10.0 million (equivalent to approximately HK$77.7 million) respectively. The Group redeemed convertible bonds at 128.3716% of the principal amount of HK$6,000 million on the maturity date on 4 June 2014.

During the year, the Company raised approximately HK$13,316.4 million, before expenses, by way of a rights issue of 2,147,800,806 rights shares on the basis of one rights share for every three shares of the Company at the subscription price of HK$6.20 per rights share. The net proceeds from the above rights issue have been used for the funding of the Group's property projects and as general working capital of the Group. The net proceeds from rights issue have strengthened the capital base and the financial position of the Company so as to facilitate the implementation of its plans to expand the landbank.

During the year, a subsidiary of the Group issued US$750.0 million guaranteed bond (equivalent to approximately HK$5,827.5 million) and HK$5,395.0 million guaranteed bonds at fixed rates ranging from 5.25% to 6.0% due in 2021 and 2023 to 2024 respectively.

As at 30 June 2014, the Group's cash and bank balances (including restricted bank balances) stood at HK$61,823.2 million (2013: HK$40,262.3 million) and the consolidated net debt amounted to HK$54,738.8 million (2013: HK$62,493.0 million). The net debt to equity ratio was 27.3%, a decrease of 7.9 percentage points as compared with FY2013.

As at 30 June 2014, the Group's long-term bank loans, other loans and fixed rate bonds amounted to HK$109,587.5 million. Short-term bank and other loans as at 30 June 2014 were HK$6,974.5 million. The maturity of bank loans, other loans, and fixed rate bonds as at 30 June 2014 was as follows:

	HK$m
Within one year	**30,459.9**
In the second year	**31,435.2**
In the third to fifth year	**33,571.0**
After the fifth year	**21,095.9**
	116,562.0

As at 30 June 2014, the Group's assets of HK$69,714.0 million and certain shares of subsidiaries of the Group were pledged as securities for certain banking facilities of the Group. Equity of the Group as at 30 June 2014 increased to HK$200,276.5 million against HK$177,745.0 million as at 30 June 2013.

BUSINESS REVIEW

In FY2014, the Group recorded consolidated revenues of HK$56,501.1 million and profit attributable to shareholders of the Company amounted to HK$9,725.4 million, representing an increase of 20.8% and a decrease of 31.3% respectively. The Group's underlying profit amounted to HK$6,506.7 million, representing an increase of 2.8%.

Hong Kong Property Sales

Since the second half of 2013, residential property sales in Hong Kong have regained momentum, mainly following the market's gradual adaptation of the cooling measures which have been rolled out by the Hong Kong SAR Government and the Hong Kong Monetary Authority since 2010. At the same time, as property developers became gradually familiarised with the Residential Properties (First-hand Sales) Ordinance which came into effect on 29 April 2013, they started to launch new residential projects at increasingly blistering pace since the fourth quarter of 2013, in response to the accelerating demand for home ownership during a time of low interest rates and under solid economic fundamentals. In mid-May 2014, the government announced the relaxation of double stamp duty applicable to upgraders. Such adjustments to the existing policy provide flexibility to home buyers in funding arrangements. Overall sentiment was positive for some premium projects launched after the policy adjustments.

Hong Kong's first-hand residential market remains robust, the recovery of the second-hand residential market favoured by policy adjustments, and developers' proactive launches of new projects are gradually powering up the entire chain of property sales. It is anticipated that the performance of local residential market will remain strong in the second half of 2014 if developers are to adopt proper sales strategies and appropriate project positioning, in light of the three key favourable factors namely low-interest environment, solid economic fundamentals of Hong Kong and the financial strengths of home buyers in this user-dominated market.

The brand of New World Group as a developer of quality properties is enhancing. The unique designs, use of high-quality materials and the customised services, together with careful planning and heartful management in the early stage of project development, contribute to the diversity and competitive edge of the Group's products in terms of locations, positioning and product experience, delivering the best choices to home buyers. During the year under review, the Group beat its original sales target of HK$10.0 billion attributable contracted sales for FY2014, eventually attaining HK$20.6 billion. The Group's brand awareness, sales performance and product quality are widely recognised by the market.

For FY2014, the Group's segment contributions from property sales in Hong Kong was primarily attributable to the sales of residential units completed or obtained the occupation permit within this financial year, including "The Woodsville", "The Reach" and "Park Signature" in Yuen Long, as well as "The Riverpark" in Sha Tin and "Double Cove" in Ma On Shan which were completed in the past financial year.

In July and August 2013, the Group launched two agricultural land conversion projects which are wholly owned and developed by the Group, namely "The Woodsville" and "Park Signature" in Yuen Long, receiving overwhelming responses from the market. "The Reach", a joint-development project in Yuen Long which had already been launched to market previously, was re-launched in August 2013 with satisfactory sales progress.

"The Austin" in South-west Kowloon, a large-scale, high-end urban development joint-development project, is highly appealing to home-buyers in 2013. Since its first launch on 26 October 2013, the project has attracted a lot of market attentions. All residential units were sold out in less than a month, generating a total sales proceeds of HK$9,948.0 million which is recognised by the market as a big success.

The Group's wholly owned old building redevelopment project "EIGHT SOUTH LANE" in Western District was launched in December 2013. Based upon a Bohemian Urbanites concept of development, and with the participation of renowned international design teams, the uniqueness of the project is further depicted. The joint-development project "Double Cove Starview" in Ma On Shan was also launched to the market in January 2014. Approximately 93% of the residential units of these two projects had been sold as at 14 September 2014.

In 2014, the Group launched a joint-development project "Grand Austin". Adjacent to "The Austin", this was an attractive high-end project long-awaited by the market. Riding on the successful sales momentum of "The Austin", over 99% of the residential units of "Grand Austin" were successfully sold up to 14 September 2014, recording a total sales proceeds of HK$15,126.0 million.

The Group has actively reviewed its plan of launching new residential projects by assessing market conditions and the needs of the home-buyers. In late July 2014, the Group was granted the pre-sale consent for the joint-development project “THE PAVILIA HILL” in Tin Hau and the pre-sales preparation is in progress. Located in a prestigious school zone on Hong Kong Island covering numerous top-notch schools, the project offers 358 residential units. For “The Masterpiece”, which is a landmark luxury residential project located in a prime location in Tsim Sha Tsui, the sales brochure has been readily available. Only 29 special units are now left for sale, including 13 simplex units and 16 duplex units. For Phase 3 of Lok Wo Sha project “Double Cove Starview Prime” in Ma On Shan, which is a joint-development project, the pre-sale consent was granted in mid-September 2014. It is expected that these new projects will be the new drivers for the Group’s property sales.

The Group’s residential property sales record during the period from 1 July 2013 to 30 June 2014 was as follows:

Name of project	Source of land	Attributable to the Group	Total residential units sold
1. The Riverpark 8 Che Kung Miu Road, Sha Tin	MTRC Tender	100%	**56**
2. The Reach 11 Shap Pat Heung Road, Yuen Long	Agricultural land conversion	21%	**590**
3. Double Cove 8 Wu Kai Sha Road, Ma On Shan	Agricultural land conversion	32%	**127**
4. The Woodsville 18 Hung Shun Road, Yuen Long	Agricultural land conversion	100%	**202**
5. Park Signature 8 Kung Um Road, Yuen Long	Agricultural land conversion	100%	**1,255**
6. The Austin 8 Wui Cheung Road, South-west Kowloon	MTRC Tender	50%	**576**
7. EIGHT SOUTH LANE 8, 10 and 12 South Lane (provisional), Kennedy Town & Mount Davis	Old building acquisition	100%	**26**
8. Double Cove Starview 8 Wui Kai Sha Road, Ma On Shan	Agricultural land conversion	32%	**805**
9. The Woodside 512 & 516 Castle Peak Road – Hung Shui Kiu, Yuen Long	Agricultural land conversion	100%	**84**
10. Grand Austin 9 Austin Road West, South-west Kowloon	MTRC Tender	50%	**421**
11. Other residential projects launched for sale	-	-	**87**
Total			**4,229**

*Source: Government website/Company data

<u>Hong Kong Landbank</u>

Since the commencement of its fourth term, the Hong Kong SAR Government has in a number of occasions stated its mission of providing continual stable supply of land for residential purposes to meet the housing needs of different sectors of the community. MTR Corporation Limited and the Urban Renewal Authority have also attempted to expedite the launch of projects for tendering to align with government policy direction. However, in view of the existing scarcity of land supply, the competition is fierce in obtaining project development rights through public tenders. As such, the Group has used multiple channels to replenish its landbank. Apart from public auction and tender, the Group has also pursued diversified and flexible means for development, including old building acquisition as well as agricultural land conversion to actively replenish land resources being consumed. It is by such long-term strategic planning in land acquisitions that a stable supply of land will be available to the Group for property development in the long run.

In the past, the Group has been actively carrying out large-scale old building acquisitions and agricultural land conversions. The Group has completed the acquisition of several residential projects on Hong Kong Island in recent years. In particular, two large-scale projects, namely Kai Yuen Lane project in North Point and New Eastern Terrace project (launched under the project name of "THE PAVILIA HILL") in Tin Hau providing more than 960,000 sq ft GFA for development, earmark the Group a pioneer with concrete experience in conducting large-scale old building redevelopment in the industry. Meanwhile, the Group has also launched a number of quality development projects converted from agricultural land in recent years, for example "The Woodsville", "Park Signature" and "The Woodside" in Yuen Long, and "Double Cove" and "Double Cove Starview" in Ma On Shan. It is anticipated that the Clear Water Bay Road project will be launched in FY2015 to provide over 1 million sq ft GFA, making it the largest residential development project in terms of floor area among all agricultural land conversion projects approved by the government since the fourth quarter of 2010.

During the year under review, the Group has completed two old building acquisitions on Hong Kong Island with total GFA of over 180,000 sq ft, namely Des Voeux Road West project and Sai Yuen Lane project, both located in Western District. The title unification of Kut Cheong Mansion project in North Point was completed in the third quarter of 2014. The site area of the project is approximately 32,500 sq ft. The abovementioned old building acquisitions further enhance the Group's property portfolio on Hong Kong Island, which facilitate project positioning and sales strategies development.

During the year under review, acquisition of over 80% ownership of 4A-4P Seymour Road in Mid-Levels has been completed under a joint-development urban redevelopment project that the Group has 35% stake. The site area is 52,466 sq ft. On the basis of the government's latest city planning, the expected attributable GFA of this project upon redevelopment is approximately 165,300 sq ft. The project ownership will be consolidated upon proceeding to the court for compulsory sale under the "Land (Compulsory Sale for Redevelopment) Ordinance". If legal procedures go smoothly and in the absence of unforeseen delays, the project is expected to be available for sale in 2016 and beyond.

As at 30 June 2014, the Group possessed a landbank with attributable GFA of around 7.6 million sq ft for immediate development. Of which, attributable GFA for residential property development amounted to approximately 4.2 million sq ft. Meanwhile, the Group had a total of approximately 19.3 million sq ft of attributable agricultural land area reserve pending for conversion in the New Territories, ranking it one of the developers in Hong Kong with the largest agricultural land reserve.

Landbank by location	**Attributable GFA (sq ft)**
Hong Kong Island	**855,252**
Kowloon	**4,146,687**
New Territories	**2,610,324**
Total	**7,612,263**

Agricultural landbank by location	**Total site area (sq ft)**	**Attributable site area (sq ft)**
Yuen Long	**14,204,500**	**13,293,550**
Fanling	**2,934,000**	**2,523,600**
Sha Tin/ Tai Po	**2,156,000**	**2,156,000**
Sai Kung	**1,364,000**	**1,170,320**
Tuen Mun	**120,000**	**120,000**
Total	**20,778,500**	**19,263,470**

Rental Operations

According to market statistics, rental rates of Grade A office buildings in Central District, having gone through four consecutive months of declining since August 2013, rebounded from its trough in early 2014. Vacancy rate also gradually narrowed down from 4.6% to 4% during the last six months to the end of June 2014. Although the momentum for expansion of finance and investment institutions in Europe and the U.S. is yet to improve, Chinese enterprises have been seeking office space for business development in Hong Kong in recent years, driving the continual rebounding of the demand for renting top-grade office buildings in core business districts in Hong Kong. For the first half of 2014 alone, many Super Grade A office buildings in Central District recorded a number of leases at record-high rates by Chinese enterprises, reflecting the further accelerating expansion efforts of these corporates.

The change in the consumption pattern of visitors from Mainland China is leading to adjustment in rental strategies and tenant mix in certain districts in Hong Kong. Some operators of commercial projects are renovating their shopping malls ahead to the future market development. The rising number of consumers travelling from Mainland China and the robust local consumption power supported by low unemployment rate in Hong Kong, have contributed positively to the sales growth of the retail industry. This has also driven up the demand for renting retail shops in traditional shopping areas and emerging shopping clusters. In general, retailers are willing to invest in their existing stores in Hong Kong or to establish new flagship stores. Statistics showed that approximately 40 international brands established their first branches or first single-branded stores in Hong Kong in 2013, reflecting their confidence in the prospects of the territory's retail market.

In FY2014, the Group's gross rental income in Hong Kong amounted to HK$1,490.9 million. The lower year-on-year growth was mainly due to the resumption of SOGO Tsim Sha Tsui on 14 February 2014 for alterations and the overhaul renovation of Discovery Park Shopping Centre in Tsuen Wan. If stripping out the effect of the abovementioned two projects, the Group's gross rental income in Hong Kong was up 6.2% year-on-year. All major properties of the Group's investment properties portfolio attained satisfactory occupancy.

For commercial properties, Tsim Sha Tsui K11, located in a traditional core retail and tourism district, is the world's first original and high-end-living brand to pioneer the blend of three essential elements of Art · People · Nature. Through the innovative fusion of art into daily lives, Tsim Sha Tsui K11 has successfully aroused the interest of those people seeking customised shopping experience as well as the middle class patrons. During the year under review, Tsim Sha Tsui K11 recorded an occupancy rate of almost 100%, revenues up 25% year-on-year with an average monthly pedestrian flow of over 1.2 million, the majority of which was contributed by high-spending local young customers. Pearl City, located in the trendy locality of Causeway Bay, recorded high pedestrian flow and a 100% occupancy rate, following the completion of property refinements and quality enhancement works in December 2012.

For Discovery Park Shopping Centre in Tsuen Wan, a densely-populated cross-border transportation hub in the western part of Hong Kong, the first phase and the second phase of renovation works was completed, and the remaining two phases of renovation works are all in smooth progress. Phase 3 is expected to be completed in the third quarter of 2014. The entire renovation will be completed by 2015, upon which consumers will enjoy a totally fresh and pleasant shopping experience. In addition, benefiting from the redevelopment of Kowloon East and the expanded population of Tseung Kwan O, Telford Plaza in Kowloon Bay and PopCorn II in Tseung Kwan O reported satisfactory rental performance driven by increasing daily patronage of local residents.

For office, New World Tower and Manning House, the Grade A office buildings located in the traditional prime commercial area on Queen's Road Central in Central, satisfactory rental rates and rental performance were achieved, as their tenants mainly comprised medical institutes, law firms and local leading enterprises and contributed to the more stable rental performance delivered by those projects as compared to the waterfront Super Grade A office buildings in the same district. New World Tower is undergoing an asset enhancement program to meet the new market leasing demand. Its office lobbies and other major facilities will be upgraded or renovated. For Manning House, interior renovation and facilities upgrade have almost completed in 2013.

Shanghai K11, the first art mall in Mainland China, was opened on 28 June 2013. Enshrining the core concept of the K11 brand, the project creates brand-new shopping experience and a community of multicultural living area to customers. During the year under review, Shanghai K11 scored nearly 100% occupancy rate with an average monthly pedestrian flow of over one million. Many of its artistic activities have drawn close attention to the market. In particular, the hosting of "Master of Impressionism: Claude Monet" in 2014 as the opening activity of "Festival Croisements 2014" was highly appraised in domestic as well as international media coverage.

Adjacent to Hong Kong's popular tourist attraction "Avenue of Stars", New World Centre redevelopment project located at Tsim Sha Tsui promenade is currently the most important redevelopment project of the Group as well as one of the major commercial development projects in Hong Kong. Following the completion of the demolition works of old buildings, the piling and foundation works are now substantially completed and the construction of the basement and the podium are carried out as scheduled. The site of SOGO Tsim Sha Tsui will be altered in parallel with the redevelopment project of the adjacent New World Centre.

Hotel Operations

Stepping into 2014, with the revitalising momentum in the global economy, flourishing commercial activities have brought about inflow of business travellers. According to the statistics of the Hong Kong Tourism Board, from January to March 2014, overnight business travellers from long-haul regions totalled 217,000, an increase of 2.8% year-on-year. In particular, a 5.1% increase for America and a 3.2% increase for Europe, Africa and the Middle-East are observed. Overnight business travellers from Mainland China totalled 403,000, representing a growth of 11.5% year-on-year. This has stimulated the performance of business hotels and Tariff A hotels in Hong Kong.

The Group's premium hotels in Hong Kong targeting at business customers represent a major contributor to the results of the Group's hotel operations segment. To maintain the competitiveness of the hotels among peers in the Tariff A hotel market in Hong Kong and in turn to cater for the ever-increasing demand from customers and for hotel stays, the Group has taken active actions in recent years to roll out its asset enhancement programs, and at the same time to uplift revenues for guest rooms and food and beverage services of the Group's hotels.

Grand Hyatt Hong Kong is undergoing renovation of the fullest scale since its commencement of operation in 1989. Part of the renovation works had been completed in FY2014, including Grand Ballroom and Grand Rooms. The renovation of a total of 381 guest rooms under phase one of the project will be completed by end of 2014. Despite the impact caused by the renovation during the year under review, the hotel's average room rate stood at a high level of HK$3,430 per night.

At Renaissance Harbour View Hotel, which is adjacent to Grand Hyatt Hong Kong, major renovation works that had commenced since 2011, and were substantially completed in FY2014. Satisfactory average room rate and occupancy rate have been reported following the completion of renovation, in particular, occupancy was up 5 percentage points year-on-year to 77%.

The Group's two hotels at close proximity to railway stations reported satisfactory performance in terms of occupancy and average room rates in FY2014. Centrally located in Tsim Sha Tsui at the junction where the Tsuen Wan line at Tsim Sha Tsui station intersect with the East Rail line at Tsim Sha Tsui East station, Hyatt Regency Hong Kong, Tsim Sha Tsui has an average occupancy rate of 89% and an average room rate rising to HK$2,181 per night. For Hyatt Regency Hong Kong, Sha Tin, which is adjacent to University station on the East Rail line, average occupancy reached 84% and average room rate posted satisfactory performance.

During the year under review, two new hotels under the Group were completed and have commenced operations. pentahotel Hong Kong, Kowloon, which is located in Kowloon East and near the Kai Tak Cruise Terminal, was opened in November 2013 and is the first hotel in Hong Kong under the pentahotel brand. It offers 695 guest rooms and is positioned as a stylish and cozy hotel targeting young fashionable gurus and travellers looking for novel experience.

Opened in November 2013, New World Beijing Hotel is located in Chongwenmen, a prime area of Beijing and is the first 5-star hotel in the same neighborhood. The hotel offers 309 guest rooms, among which 208 guest rooms are already in operation.

The ultra-luxury Rosewood Beijing, formerly known as New World Beijing Hotel and located in Chaoyang District, a core city area of Beijing, is expected to commence operations in FY2015. Being the first project in Mainland China under the Rosewood Hotels & Resorts brand, Rosewood Beijing targets the high-end segment of the market. In addition, Guiyang New World hotel, located in the provincial city of Guizhou, will have its soft-opening on 25 September 2014.

As at 30 June 2014, the Group had a total of 17 hotel properties providing over 7,600 guest rooms in Hong Kong, Mainland China and Southeast Asia. Among which 11 hotel properties are operated by the Group's international hotel operator - Rosewood Hotel Group under the Rosewood Hotel brand, New World Hotel brand and the pentahotel brand.

Mainland China Properties

The overall contracted sales of New World China Land Limited ("NWCL") in FY2014 reached a total GFA of 1,019,200 sq m amounted to RMB14,792 million.

In FY2014, NWCL's completed property development projects for sale in Mainland China amounted to a total GFA of 1,553,567 sq m, of which residential GFA amounted to 1,439,005 sq m. In FY2015, it is anticipated to complete property development projects totalling a GFA of 1,328,362 sq m for sale in Mainland China, of which residential GFA amounted to 1,186,573 sq m.

Shanghai K11 Art Mall was opened on 28 June 2013, which stimulated the patronage and enhanced the rental performance of the retail portion of Shanghai Hong Kong New World Tower. Furthermore, positive rental reversion has been achieved for Wuhan New World International Trade Tower upon tenancy renewal. The abovementioned factors have provided upside support to NWCL's rental businesses in Mainland China.

Infrastructure and Service

NWS Holdings Limited ("NWSH") achieved a profit attributable to shareholders of HK$4,324.9 million for FY2014, representing an increase of 7.9% year-on-year. In February 2013, NWSH announced the establishment of a company with other major port operators in Xiamen which would involve the injection of its two port investments in Xiamen – Xiamen New World Xiangyu Terminals Co., Ltd. and Trend Wood Investments Limited (which invested in Xiamen Haicang Xinhaida Container Terminals Co., Limited) in exchange for a 13.8% interest in the new company. The new company, Xiamen Container Terminal Group Co., Ltd. ("XCTG") was legally established in December 2013 and a one-off gain on deemed disposal arising from the restructuring was recognised in FY2014.

Infrastructure

Hangzhou Ring Road continued to be the most significant contributor for the road businesses, with average daily traffic flow grew by 4%. Benefitting from the economic development in the Pearl River Delta region, the Group's expressways in Guangdong Province registered satisfactory traffic growth in FY2014. In particular, average daily traffic flow of Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) rose by 12% and 10% respectively.

Falling coal prices continued to have a positive impact on the overall financial performance of the Group's power plants in Mainland China during FY2014. Compared with the previous year, the volume of electricity sales at the Zhujiang Power Plants were maintained at a similar level while the sales volume at the Chengdu Jintang Power Plant dropped by 11% as one of its generators underwent system upgrade during FY2014.

In May 2014, NWSH announced the divestment of its interest in Macau Power. The disposal was completed in the first quarter of FY2015.

Sales volume of Chongqing Water Plant and Tanggu Water Plant increased by 11% and 10% respectively during FY2014. Waste water treated by Chongqing Tangjiatuo Waste Water Plant increased by 24% while Shanghai SCIP Water Treatment Plants also reported a healthy growth of waste water revenue during FY2014. During the year under review, several new operating projects were acquired including Jiangsu Water Company, Chengdu Chongzhou Dayi Waste Water Plant and a contract to build and operate a sludge treatment plant in Yangzhou was undertaken by Sino-French Holdings (Hong Kong) Limited.

Being an operating asset, Beijing Capital International Airport Co., Ltd. provides immediate and recurring revenue when NWSH became its second largest shareholder following the share acquisition in December 2013.

ATL Logistics Centre continued to take advantage of the strong demand for logistics and warehousing facilities in Hong Kong during FY2014. Its average rental rose by 16% while occupancy rate remained at a remarkable level of 99%. NWS Kwai Chung Logistics Centre has been fully leased out during the year under review.

Throughput of China United International Rail Containers Co., Limited grew by 5% to 1,618,000 TEUs and continued to make positive contribution during FY2014.

Service
Hong Kong Convention and Exhibition Centre ("HKCEC"), an iconic Hong Kong landmark, continued to maintain its steady growth momentum by leveraging on the strong demand to host international exhibitions and conventions at prime locations with state-of-art facilities. During the year, 1,086 events were held at HKCEC with a total patronage of approximately 5.9 million. Through continuous upgrade of its complex and facilities and proactive marketing effort, turnover from exhibition rental has grown steadily over the past years.

Free Duty's travel retail, duty free tobacco and liquor business at all land border crossings continued to benefit from the rise in per passenger spending and patronage of visitors from Mainland China, but the growth of the business has been hindered by the Chinese Government's anti-corruption drive and crackdown on extravagant consumption.

The contribution from the construction business increased substantially in FY2014 mainly due to improved gross profit margin and project progress. As at 30 June 2014, the gross and remaining value of contracts on hand for the construction business was approximately HK$50.1 billion and HK$34.5 billion respectively.

For transport businesses, in April 2014, NWSH fully divested its 28.92% interest in Kwoon Chung Bus Holdings Limited.

Department Stores
In FY2014, New World Department Store China Limited ("NWDS") recorded total revenue of HK$4,136.2 million, an increase of 3.1% year-on-year. Net profit was HK$520.5 million. If excluding other loss, changes in fair value of investment properties and its related income tax expense, and one-off tax adjustment on disposal of properties situated in Wuxi, the core profit for the year decreased by 11.9% year-on-year to HK$557.1 million.

Commission income from concessionaire sales was the major income contributor, accounting for 63.7% of the total revenue. Proceeds from direct sales and rental income accounted for 19.0% and 15.9% of the total revenue respectively. The remaining 1.4% was derived from management and consultancy fees. Regional-wise, Northern China Region contributed the most to the revenue of NWDS, amounting to 50.1% of total revenue, followed by the South Eastern China Region and the Central Western China Region, which accounted for 27.6% and 22.3% of the total revenue respectively.

In FY2014, NWDS completed the acquisition of Shanghai Hongxin Trendy Plaza and Hong Kong New World Department Store - Shanghai Wujiaochang Branch Store. In addition, Yantai New World Department Store located in Shandong province was opened during the year under review. As at 30 June 2014, NWDS operated and managed a total of 41 department stores and 2 shopping malls spreading across 21 cities in Mainland China with a total GFA over 1.6 million sq m.

OUTLOOK

"The beginnings and ends of shadow lie between the light and darkness and may be infinitely diminished and infinitely increased." wrote Leonardo da Vinci, the representation of the Renaissance, in his descriptions of light and shadow. It fits in to signify the fluctuations and complications in today's global economic as well as social developments.

The issue of how long the journey will take to attain full recovery of the global economy and embrace brightness has been the concerns of governments as well as people around the world. Some indicators show that certain major economies are indeed gradually showing signs of improvement. However, with varying pace of recovery in Continental Europe, the U.S., China and emerging markets, the undulations in oil prices in light of the instability in the geo-political development in Iraq in the Middle East and Ukraine in Europe together with the increase in US dollar exchange rate plus the risk of epidemic spread from West Africa, it could well be a long journey before we can see a full worldwide economic recovery.

Along with the U.S. Federal Reserve Board's cutting down on monetary stimulus and Euro-area inflation remaining below half of European Central Bank's target, Christine Lagarde, Managing Director of the International Monetary Fund ("IMF"), warns of a lower-than-predicted pace of economic growth, in view of the reduced potential for global economic growth despite an accelerating pace, together with the suppressed investment expenditures.

As a matter of fact, different economies across the globe are encountering various obstacles hindering recovery, as reflected in the latest forecast previously made by the IMF on the growth of major economies. In particular, the forecast on global economic growth for 2014 has been adjusted from 3.7% which was previously made in early 2014 to 3.4%, whereas the 2015 forecast is 4%. The forecast on the economic growth of the U.S. for 2014 has been adjusted from 2.8% to 1.7%, whereas the 2015 forecast remains at 3%. For emerging economies, the forecast on economic growth has been adjusted from 4.8% to 4.6%, whereas the 2015 forecast is 5.2%. For the Euro-area, the forecast on economic growth for 2014 has been adjusted from 1.1% to 1.2%, whereas the 2015 forecast is 1.5%.

As the second largest economy in the world, China is experiencing a stage of adjustment of its economic and social development. The Central Government is striving to adjust the model of China's economic growth, steering away from an export-oriented pattern and relying more on domestic demand, and changing its reliance on secondary industries to tertiary industries. However, incoordination and conflicts arise in various aspects, including the adjustment of monetary policies, risk management against default of local debts, excessive capacity and how it relates to sustainable development, the progress of urbanisation and land reform, property austerity measures etc. Today, China's economy is still growing at the fastest pace in the world, and has turned from high-speed development to a stage of structural reform. In recent years, the Central Government's strategy of economic development stressing stability in addition to making progress which has articulated a new pattern that the nation's growth is undergoing transformation into sustainable and healthy development. Adjustments in its economic growth are therefore inevitable. It was predicted by the IMF that China would grow at 7.4% in 2014 and the rate will narrow down to 7.0% in 2015.

Despite the fast-changing economic landscape across the globe and numerous uncertainties, the economic performance of Hong Kong is considered risky but steady. The recovery of Europe and the U.S. did not translate into demand for imports, suppressing export trades for Asia-pacific regions including Hong Kong. It has been stated by John Tsang, Financial Secretary of Hong Kong, that the territory's forecast of economic growth for 2014 has to be lowered to 2-3% to reflect the actual economic conditions. However, with the central government's favourable policies, Hong Kong's unemployment rate has long been at a healthy level; visitor arrivals from Mainland China together with the strong consumption sentiment of local Hong Kong consumers have supported robust demand and in turn a solid barrier to safeguard Hong Kong's economy. It may have come to the market's worries that the Hong Kong SAR Government has recently started probing the possibility of scaling down the "Individual Visit Scheme" applicable to travellers from Mainland China and that sales of jewellery, watches and luxury gifts are falling. It should be noted, however, that the consumption pattern in both Mainland China and Hong Kong are changing and the middle class is emerging, which are gradually turning into another new model of development which will favour sound growth of the economy as well as society. Such positive trend should not be neglected.

Government policy on the property market has been a key topic of discussion on the territory's politics, economy and people's livelihood. For a healthier and steady development of Hong Kong's residential property market, the Hong Kong SAR Government and monetary authorities have rolled out a number of administrative measures since 2010 to cool down the upsurge of property prices and narrow down the gap between supply and rigid demand. Such policy implementations initially caused the market's wait-and-see sentiment and resulted in sluggish transaction volumes in the residential market. Today, in a user-dominated market, developers are trying to price their products close to market prices and have successfully aroused the interest of many home buyers.

Interest rate is one of the factors affecting decisions for home purchases. While economic growth of the U.S. is not as good as expected, the Federal Reserve's decision for withdrawal of monetary stimulus package is bound to happen and has indeed commenced. In fact, such withdrawal does not necessarily lead to rise in interest rate. Recent speeches by Janet Yellen, Chair of the Federal Reserve, have repeatedly implied a lack of conditions for sparking interest rate hike and that there is no concrete timetable for any of such rise. It is generally believed that the cycle of interest rate hike in the U.S. will not come into play until mid-2015 or beyond, and low interest rate fueling the property market will continue for some time.

Furthermore, the previous implementation of administrative measures had resulted in wait-and-see sentiment for many potential home buyers with financial strengths and actual needs for upgrades of residential homes. People in this sector have stable income stream, have mostly finished mortgage repayments for their properties, and have enjoyed much asset appreciation in the upsurge of property prices. Moreover, home upgraders are coming back to the market as the 3-year duration has lapsed and the special stamp duty (SSD) is no longer applicable to some residential units purchased when the administrative measures including the SSD were adopted in October 2010, and also in light of the relaxation of double stamp duty for home upgraders as announced by the government in May 2014. The switching-on of the first-hand and second-hand residential market being matched with the springing up of new flat launches had stimulated the overall transaction volume in the residential market. Projects of superior quality or at prime locations, such as "The Austin" and "Grand Austin" developed by the Group, were highly sought after by home buyers since their launches. All of the 576 units launched under "The Austin" were sold out in about three weeks, while the 691 units launched under "Grand Austin" was nearly sold out within one month.

Based in Hong Kong for more than 40 years, New World Development has been growing together with Hong Kong people. For years, the Group has adhered to its "邁步向前・One Step Forward" spirit and dedicated its efforts to its property business in Hong Kong. With premium product quality, unique designs of originality, meticulous services, and the use of creation and technology, the Group has provided the best living experience to home purchasers. In recent years, the Group's series of reforms have flexibly blended with modern business management, bold and creative mindsets and the customer-oriented service attitude, and successfully brought the premium New World brand to a new height. Based on New World's DNA, our experienced professional management team thoughtfully outlines the development processes for each project, from land acquisition and development planning to property sales and customer services, and uniquely blends new living experience for home purchasers.

During the year under review, the Group's attributable contracted sales in Hong Kong amounted to more than HK$20.6 billion, a new record high since the Group's inception in 1970. The pinnacle achievements reflected the joint efforts of all staff members of the Group, which contributed to market recognition of the brand reputation and sales performance of the Group's projects. Prudently confident and humbly proud, the Group will continue to work hard on its property development business in Hong Kong. With innovative ideas and good quality, we aim to contribute to society, bring forth city development, and promote social construction.

Following the sound momentum in property sales in FY2014, the Group will work hard on the preparations for new launches for "THE PAVILIA HILL" in Tin Hau, "Double Cove Starview Prime" in Ma On Shan, Clear Water Bay Road project in Sai Kung and "SKYPARK" in Mongkok. Meanwhile, the Group will strive to expand its landbank in Hong Kong through public auction/ tender, old building redevelopment and agricultural land conversion to enhance the Group's resources for future development.

For the strategies to be adopted in land acquisitions, the Group will carefully screen and assess each and every opportunity based on future market supply and consumption preferences of home buyers. It will also pay attention to the flexibility to be allowed under its landbank for future development and provide outstanding land resources for the sustainable development of the Group. During the year under review, the Group made satisfactory progress in old building redevelopment, completing the acquisitions of the Des Voeux Road West project and the Sai Yuen Lane project in Western District, and acquired over 80% ownership of 4A-4P Seymour Road in Mid-Levels, a joint-development urban redevelopment project. In addition, the title unification of Kut Cheong Mansion on King's Road, North Point was also completed as planned. The above mentioned projects provide extra development resources in prime urban locations, further consolidating the reputation of New World Development as a down-to-earth and highly efficient developer in acquiring large-scale old building redevelopment projects in urban districts.

For property leasing, the Group was a pioneer in recognising the upcoming change in the consumption patterns in Mainland China and Hong Kong and the ongoing emergence of the middle class. In 2009, the Group embarked upon the original brand of K11 Concept, creatively blending the three core elements namely art, people and nature. It offers new consumption experience to the high-spending middle class seeking customised, unique and high standard of living, and enlightens the pursuit of close relationship between human beings and the nature. The appeals of K11 lie in its success in blending art with commercial activities by creating a sustainable "art x commerce" business model. In both Hong Kong and Shanghai, K11 has now become a place of gathering and communication for maniacs for art, culture and living experience, and attracted strong footfall which had in turn favored business performance. K11 pursues active development of its brand concepts and is coming on stage in 11 Chinese cities.

In response to the changing consumption patterns of local customers and those from Mainland China, the Group has actively improved the physical facilities and tenant mix in its retail properties in Hong Kong, enabling consumers to enjoy their purchases in cozy shopping environment and in turn boosting the rental performance of the Group's projects. Asset enhancement programs have been completed at different points of time for Pearl City in Causeway Bay and the retail portions of New World Tower and Manning House in Central. Discovery Park Shopping Centre in Tsuen Wan, which occupies more than 400,000 sq ft of floor area, is in its final stages of renovations. With fully re-designed passenger flows and mix of merchandisers, it is expected that the entire asset enhancement program for this project will be fully completed in 2015, providing new consumption experience for residents in western New Territories and consumers from Mainland China travelling via the Hong Kong- Shenzhen Western Corridor.

As a "city architect", New World Development will continue to integrate innovations and aim for enhancements for both our society and our living. From land planning to project design, development deployments, after-sale services to sustainable development, it is committed to satisfying "living needs" and delivering "living experience", and maximising the interests of our stakeholders.

Dr. Cheng Kar-Shun, Henry
Chairman

Hong Kong, 24 September 2014

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