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)

Interim Results Announcement 2014/2015

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 unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 31 December 2014 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT - UNAUDITED

		For the six months ended 31 December	
		2014	2013
	Note	**HK$m**	HK$m
Revenues	2	**26,986.3**	27,180.2
Cost of sales		**(17,230.5)**	(15,841.7)
Gross profit		**9,755.8**	11,338.5
Other income		**4.3**	205.6
Other gains, net		**425.9**	1,284.2
Selling and marketing expenses		**(854.2)**	(837.1)
Administrative and other operating expenses		**(4,132.2)**	(3,602.8)
Changes in fair value of investment properties		**1,811.3**	440.2
Operating profit	3	**7,010.9**	8,828.6
Financing income		**518.8**	495.3
Financing costs		**(910.7)**	(987.6)
		6,619.0	8,336.3
Share of results of			
Joint ventures		**3,351.8**	1,245.3
Associated companies		**(805.2)**	513.3
Profit before taxation		**9,165.6**	10,094.9
Taxation	4	**(1,941.1)**	(3,190.6)
Profit for the period		**7,224.5**	6,904.3
Attributable to:			
Shareholders of the Company		**5,854.6**	4,529.2
Non-controlling interests		**1,369.9**	2,375.1
		7,224.5	6,904.3
Dividend		**1,067.2**	773.2
Earnings per share (HK$)	5		Adjusted
Basic		**0.68**	0.68
Diluted		**0.68**	0.67

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

	For the six months ended 31 December	
	2014	2013
	HK$m	HK$m
Profit for the period	**7,224.5**	6,904.3
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of post employment benefit obligation	**-**	(18.5)
Reversal of reserves upon reclassification of an available-for-sale financial asset as an associated company	**717.2**	-
Items that had been reclassified/ may be reclassified subsequently to profit or loss		
Fair value changes of available-for-sale financial assets	**224.2**	(201.1)
- deferred tax arising from fair value changes thereof	**(103.2)**	22.5
Release of reserves upon deemed disposal of interests in joint ventures	**-**	(126.7)
Release of reserves upon disposal of available-for-sale financial assets	**(13.4)**	77.8
Release of exchange reserve upon liquidation of a subsidiary	**(10.1)**	-
Share of other comprehensive income of joint ventures and associated companies	**104.9**	275.7
Cash flow hedges	**9.1**	30.9
Translation differences	**980.6**	758.9
Other comprehensive income for the period	**1,909.3**	819.5
Total comprehensive income for the period	**9,133.8**	7,723.8
Attributable to:		
Shareholders of the Company	**7,228.7**	5,011.5
Non-controlling interests	**1,905.1**	2,712.3
	9,133.8	7,723.8

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED

	Note	**As at 31 December 2014 HK$m**	As at 30 June 2014 HK$m
ASSETS			
Non-current assets			
Investment properties		**82,963.2**	77,384.6
Property, plant and equipment		**19,907.0**	18,290.8
Land use rights		**2,421.9**	2,374.7
Intangible concession rights		**15,411.4**	15,584.4
Intangible assets		**4,580.9**	4,662.5
Interests in joint ventures		**45,379.5**	45,748.2
Interests in associated companies		**17,296.1**	16,994.0
Available-for-sale financial assets		**4,454.3**	4,729.4
Held-to-maturity investments		**40.9**	40.9
Financial assets at fair value through profit or loss		**916.4**	607.6
Derivative financial instruments		**39.5**	39.5
Properties for development		**23,927.1**	25,242.5
Deferred tax assets		**903.4**	764.7
Other non-current assets		**1,449.2**	1,572.5
		219,690.8	214,036.3
Current assets			
Properties under development		**49,594.8**	48,713.4
Properties held for sale		**22,658.2**	20,266.7
Inventories		**625.2**	561.0
Debtors and prepayments	6	**22,493.0**	23,258.1
Financial assets at fair value through profit or loss		**0.4**	0.6
Derivative financial instruments		**26.7**	45.1
Restricted bank balances		**99.3**	97.4
Cash and bank balances		**63,263.6**	61,725.8
		158,761.2	154,668.1
Non-current assets classified as assets held for sale	7	**7.8**	523.0
		158,769.0	155,191.1
Total assets		**378,459.8**	369,227.4

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED

	Note	**As at 31 December 2014 HK$m**	As at 30 June 2014 HK$m
EQUITY			
Share capital		**65,762.4**	63,761.3
Reserves		**99,580.6**	93,447.5
Proposed final dividend		**-**	2,599.5
Interim dividend		**1,067.2**	**-**
Shareholders' funds		**166,410.2**	159,808.3
Non-controlling interests		**41,995.2**	40,468.2
Total equity		**208,405.4**	200,276.5
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**91,798.7**	88,229.9
Deferred tax liabilities		**9,483.7**	9,011.9
Derivative financial instruments		**838.2**	864.6
Other non-current liabilities		**865.3**	774.0
		102,985.9	98,880.4
Current liabilities			
Creditors and accrued charges	8	**32,745.0**	31,299.5
Current portion of long-term borrowings		**25,344.9**	23,485.4
Short-term borrowings		**3,754.5**	8,863.8
Current tax payable		**5,224.1**	6,421.8
		67,068.5	70,070.5
Total liabilities		**170,054.4**	168,950.9
Total equity and liabilities		**378,459.8**	369,227.4
Net current assets		**91,700.5**	85,120.6
Total assets less current liabilities		**311,391.3**	299,156.9

Notes:

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements (the "interim financial statements") for the six months ended 31 December 2014 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Hong Kong Stock Exchange") (the "Listing Rules"). The interim financial statements should be read in conjunction with the 30 June 2014 annual financial statements.

The accounting policies used in the preparation of these interim financial statements are consistent with those set out in the annual report for the year ended 30 June 2014 except for the adoption of the new standards, amendments to standards and interpretation, which is further explained below.

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

The Group has adopted the following new standards, amendments to standards and interpretation which are relevant to the Group's operations and are mandatory for the financial year ending 30 June 2015:

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 HKAS 19 (Revised 2011)	Employee Benefits: Defined Benefit Plans - Employee Contributions
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

The adoption of these new standards, amendments to standards and interpretation does not have any significant effect on the results and financial position of the Group.

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

The following new standards and amendments to standards are mandatory for the accounting periods beginning on or after 1 July 2015 or later periods which the Group has not early adopted:

HKFRS 9 (2014)	Financial Instruments
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 HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Annual Improvements Projects	Annual Improvements 2012-2014 Cycle

The Group has already commenced an assessment of the impact of these new standards and amendments to standards, 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 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 period are as follows:

	For the six months ended 31 December	
	2014	2013
	HK$m	HK$m
Revenues		
Property sales	**11,861.4**	14,027.2
Rental	**1,198.9**	1,190.4
Contracting	**4,506.9**	2,800.0
Provision of services	**3,581.8**	3,488.4
Infrastructure operations	**1,324.4**	1,264.0
Hotel operations	**2,041.7**	1,874.4
Department store operations	**2,006.9**	2,031.0
Others	**464.3**	504.8
Total	**26,986.3**	27,180.2

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 products and services perspectives, which comprises property development, property investment, service, infrastructure, hotel operations, department stores and others (including telecommunications, media and technology and other strategic 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
For the six months ended 31 December 2014								
Total revenues	11,861.4	1,295.5	11,603.9	1,324.4	2,041.7	2,006.9	490.6	30,624.4
Inter-segment	-	(96.6)	(3,515.2)	-	-	-	(26.3)	(3,638.1)
Revenues-external	11,861.4	1,198.9	8,088.7	1,324.4	2,041.7	2,006.9	464.3	26,986.3
Segment results	3,226.9	743.5	470.2	580.9	188.5	229.9	(64.4)	5,375.5
Other gains, net	11.5	15.8	68.3	(31.1)	(14.0)	22.2	353.2	425.9
Changes in fair value of investment properties	-	1,670.0	141.3	-	-	-	-	1,811.3
Unallocated corporate expenses								(601.8)
Operating profit								7,010.9
Financing income								518.8
Financing costs								(910.7)
								6,619.0
Share of results of								
Joint ventures (Note a)	1,212.8	244.3	60.2	1,903.5	(23.7)	-	(45.3)	3,351.8
Associated companies (Note b)	2.3	171.0	(1,137.8)	153.0	-	-	6.3	(805.2)
Profit before taxation								9,165.6
Taxation								(1,941.1)
Profit for the period								7,224.5
As at 31 December 2014								
Segment assets	111,312.1	81,837.6	12,441.2	15,781.2	14,701.9	7,291.9	8,085.8	251,451.7
Interests in joint ventures	13,319.2	12,067.1	3,351.3	14,834.6	1,110.4	-	696.9	45,379.5
Interests in associated companies	982.9	2,708.3	7,793.7	5,563.2	-	-	248.0	17,296.1
Unallocated assets								64,332.5
Total assets								378,459.8
Segment liabilities	17,827.8	1,262.8	5,283.8	721.0	1,062.6	5,419.7	2,032.6	33,610.3
Unallocated liabilities								136,444.1
Total liabilities								170,054.4
For the six months ended 31 December 2014								
Additions to non-current assets (Note c)	3,014.2	1,597.6	52.2	48.0	965.1	833.0	605.7	7,115.8
Depreciation and amortisation	45.7	5.5	82.7	420.9	304.6	209.3	36.0	1,104.7
Impairment charge and provision	-	-	-	-	56.4	-	0.1	56.5

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
For the six months ended 31 December 2013								
Total revenues	14,027.2	1,286.2	9,665.5	1,264.0	1,874.4	2,031.0	529.1	30,677.4
Inter-segment	-	(95.8)	(3,377.1)	-	-	-	(24.3)	(3,497.2)
Revenues-external	14,027.2	1,190.4	6,288.4	1,264.0	1,874.4	2,031.0	504.8	27,180.2
Segment results	4,965.7	804.0	446.7	636.4	276.0	377.6	97.1	7,603.5
Other gains, net	(23.9)	77.9	17.4	690.4	(58.9)	(6.7)	588.0	1,284.2
Changes in fair value of investment properties	-	384.4	55.8	-	-	-	-	440.2
Unallocated corporate expenses								(499.3)
Operating profit								8,828.6
Financing income								495.3
Financing costs								(987.6)
								8,336.3
Share of results of								
Joint ventures	157.5	364.2	78.9	714.9	(25.3)	-	(44.9)	1,245.3
Associated companies	16.7	115.7	202.2	23.2	(4.5)	-	160.0	513.3
Profit before taxation								10,094.9
Taxation								(3,190.6)
Profit for the period								6,904.3
As at 30 June 2014								
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
For the six months ended 31 December 2013								
Additions to non-current assets (Note c)	5,853.2	3,319.7	83.2	8.5	1,491.2	699.2	583.9	12,038.9
Depreciation and amortisation	36.9	56.8	66.2	373.9	245.6	146.7	42.8	968.9
Impairment charge and provision	-	-	-	-	35.9	-	11.5	47.4

2. Revenues and segment information (Continued)

	Revenues Six months ended 31 December 2014 HK$m	**Non-current assets (Note c) As at 31 December 2014 HK$m**
Hong Kong	**14,480.7**	**70,010.2**
Mainland China	**12,337.1**	**76,547.2**
Others	**168.5**	**2,654.1**
	26,986.3	**149,211.5**

	Six months ended 31 December 2013 HK$m	As at 30 June 2014 HK$m
Hong Kong	11,387.2	68,410.4
Mainland China	15,483.9	72,424.4
Others	309.1	2,704.7
	27,180.2	143,539.5

Notes:

a. The amount in the infrastructure segment includes (i) the Group's share of gain of approximately HK$1.5 billion arising from the disposal of its indirect interest in Companhia de Electricidade de Macau – CEM, S.A. and (ii) the Group's share of impairment loss of HK$0.3 billion for Guangzhou Dongxin Expressway for the six months ended 31 December 2014.

b. The amount in the service segment includes an impairment loss of HK$1.3 billion made for the Group's interest in Newton Resources Ltd, a listed associated company, for the six months ended 31 December 2014.

c. Non-current assets represent non-current assets other than financial instruments (financial instruments include interests in joint ventures and 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:

	For the six months ended 31 December	
	2014 HK$m	2013 HK$m
Write back of provision for loans and other receivable	**343.0**	6.4
Gain on deemed disposal of interests in joint ventures	**-**	594.3
Net profit/(loss) on disposal/settlement/liquidation for		
Available-for-sale financial assets, financial assets at fair value through profit or loss and a derivative financial instrument	**25.5**	135.5
Investment properties, property, plant and equipment and property held for development	**(8.7)**	56.1
Subsidiaries	**10.1**	(1.6)
Asset held for sale	**30.3**	-
Net gain on fair value of financial assets at fair value through profit or loss	**16.9**	285.8
Cost of inventories and properties sold	**(8,920.4)**	(8,696.8)
Depreciation and amortisation	**(1,104.7)**	(968.9)
Impairment loss on assets	**(56.5)**	(47.4)
Net exchange gain	**67.3**	310.9

4. Taxation

	For the six months ended 31 December	
	2014	2013
	HK$m	HK$m
Current taxation		
Hong Kong profits tax	**403.9**	525.1
Mainland China and overseas taxation	**756.4**	1,021.7
Mainland China land appreciation tax	**698.7**	1,489.7
Deferred taxation	**82.1**	154.1
	1,941.1	3,190.6

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

Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profit for the period 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$677.5 million and HK$66.4 million (2013: HK$578.7 million and HK$79.9 million) respectively.

5. Earnings per share

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

	For the six months ended 31 December	
	2014	2013
	HK$m	HK$m
Profit attributable to shareholders of the Company	**5,854.6**	4,529.2
Adjustment on the effect of dilution in the results of subsidiaries	**(1.0)**	(1.4)
Profit for calculating diluted earnings per share	**5,853.6**	4,527.8

	Number of shares (million) For the six months ended 31 December	
	2014	2013 Adjusted
Weighted average number of shares for calculating basic earnings per share	**8,665.9**	6,705.0
Effect of dilutive potential ordinary shares upon the exercise of share options	**0.2**	7.5
Weighted average number of shares for calculating diluted earnings per share	**8,666.1**	6,712.5

The earnings per share for the six months ended 31 December 2013 have been adjusted to reflect the effect of rights issue of the Company during the year ended 30 June 2014.

Diluted earnings per share for the six months ended 31 December 2014 and 2013 assumed the exercise of share options outstanding during the period since the exercise would have a dilutive effect.

6. Trade debtors

Aging analysis of trade debtors is as follows:

	As at 31 December 2014	As at 30 June 2014
	HK$m	HK$m
Current to 30 days	**3,644.8**	3,751.6
31 to 60 days	**471.7**	731.1
Over 60 days	**2,113.1**	1,959.7
	6,229.6	6,442.4

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

	As at 31 December 2014 HK$m	As at 30 June 2014 HK$m
Equity securities listed in Hong Kong	**7.8**	7.8
Investment properties	-	131.1
Interests in an associated company (Note)	-	384.1
	7.8	523.0

Note: 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. Trade creditors

Aging analysis of trade creditors is as follows:

	As at 31 December 2014 HK$m	As at 30 June 2014 HK$m
Current to 30 days	**9,029.9**	7,301.1
31 to 60 days	**1,292.8**	751.5
Over 60 days	**1,435.3**	1,342.9
	11,758.0	9,395.5

9. Pledge of assets

As at 31 December 2014, the assets with an aggregated amount of HK$67,832.9 million (30 June 2014: HK$69,714.0 million) were pledged as securities for certain banking facilities of the Group.

10. Financial guarantee and contingent liabilities

	As at 31 December 2014 HK$m	As at 30 June 2014 HK$m
The Group’s financial guarantee contracts are as follows:		
Mortgage facilities for certain purchasers of properties	**2,543.3**	2,034.5
Guarantees for credit facilities granted to		
Joint ventures	**3,639.6**	4,466.7
An associated company	**20.0**	20.0
A related company	**69.7**	64.7
Indemnity to non-wholly owned subsidiaries for Mainland China tax liabilities	**1,542.6**	1,666.2
	7,815.2	8,252.1
The Group’s share of contingent liabilities of the joint ventures not included above are as follows:		
Share of contingent liabilities of joint ventures	**21.6**	16.8

11. Event subsequent to period end

On 30 January 2015, Natal Global Limited, an indirectly wholly-owned subsidiary of NWS Holdings Limited, entered into a share purchase agreement to purchase (i) 40% of the issued preference shares capital of Goshawk Aviation Limited (“Goshawk”); and (ii) certain outstanding loan notes together with accrued and unpaid interest thereon from Zion Sky Holdings Limited, a wholly-owned subsidiary of Chow Tai Fook Enterprises Limited, at a total cash consideration of approximately US$222.5 million (equivalent to approximately HK$1,724.4 million) (the “Acquisition”). Goshawk is principally engaged in the investment of commercial aircraft on lease to operating lessees. The Acquisition was completed on 2 February 2015 and the investment in Goshawk is accounted for as an associated company of the Group.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$0.12 per share for the financial year ending 30 June 2015 to shareholders registered on 26 March 2015.

The interim dividend will be payable in cash but shareholders will be given the option of electing to receive the interim dividend in the form of new shares in lieu of cash in respect of part or all of such dividend. The new shares to be issued pursuant to the scrip dividend scheme are subject to their listing being granted by the Listing Committee of the Hong Kong Stock Exchange. A circular containing details of the scrip dividend scheme will be despatched to shareholders together with the form of election for scrip dividend on or about 14 April 2015. It is expected that dividend warrants and certificates for the scrip shares will be posted to shareholders on or before 22 May 2015.

BOOK CLOSE DATES

Book close dates (both days inclusive)	:	20 March 2015 to 26 March 2015
Latest time to lodge transfer with Share Registrar	:	4:30 p.m. on Thursday, 19 March 2015
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

During the six months ended 31 December 2014, the Company has not redeemed any of its listed securities. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s listed securities during the period.

EMPLOYEES AND REMUNERATION POLICIES

At 31 December 2014, about 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 market practices. Education subsidies will be granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. Under the share option 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.

REVIEW OF INTERIM RESULTS

The Company’s unaudited interim results for the six months ended 31 December 2014 have not been reviewed by external auditor, but have been reviewed by the Audit Committee of the Company.

CORPORATE GOVERNANCE CODE

The Company has complied with all the applicable code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules throughout the six months ended 31 December 2014, 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 about 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.

REQUIREMENT IN CONNECTION WITH PUBLICATION OF "NON-STATUTORY ACCOUNTS" UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE CAP. 622

The financial information relating to the year ended 30 June 2014 included in this preliminary announcement of interim results 2014/2015 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company had delivered the financial statements for the year ended 30 June 2014 to the Registrar of Companies as required by the predecessor Hong Kong Companies Ordinance (Cap. 32) section 109(3).

The Company's auditor had reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

MAJOR ACQUISITION AND DISPOSAL

1. On 27 January 2015, Ballina Enterprises Limited ("Ballina"), a wholly owned subsidiary of the Group, entered into a conditional sale and purchase agreement with Cheung Hung Development (Holdings) Limited ("Cheung Hung"), an associate of Chow Tai Fook Enterprises Limited, to purchase (i) 40% of the entire issued share capital of Sunbig Limited ("Sunbig") and (ii) certain unsecured and non-interest bearing shareholder's loan owing from Sunbig to Cheung Hung at a total cash consideration of approximately HK$1,779.0 million (the "Sunbig Acquisition"). As at the date of the Sunbig Acquisition, Sunbig is principally engaged in the investment holding of certain properties in Hong Kong and is owned as to 50% by Ballina, 40% by Cheung Hung and 10% by Good Step Profits Limited, which is a substantial shareholder of certain subsidiaries of the Company. The Sunbig Acquisition was completed on 30 January 2015 and the investment in Sunbig is accounted for as a subsidiary of the Group.

2. On 30 January 2015, Natal Global Limited, an indirectly wholly-owned subsidiary of NWS Holdings Limited ("NWSH"), entered into a share purchase agreement to purchase (i) 40% of the issued preference shares capital of Goshawk Aviation Limited ("Goshawk"); and (ii) certain outstanding loan notes together with accrued and unpaid interest thereon from Zion Sky Holdings Limited, a wholly-owned subsidiary of Chow Tai Fook Enterprises Limited, at a total cash consideration of approximately US$222.5 million (equivalent to approximately HK$1,724.4 million) (the "Acquisition"). Goshawk is principally engaged in the investment of commercial aircraft on lease to operating lessees. The Acquisition was completed on 2 February 2015 and the investment in Goshawk is accounted for as an associated company of the Group.

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

	As at 31 December 2014 HK$m	As at 30 June 2014 HK$m
Consolidated net debt	**54,327.5**	54,738.8
NWSH (stock code: 0659)	**5,425.3**	10,030.6
NWCL (stock code: 0917)	**25,165.4**	19,856.2
NWDS – net cash and bank balances (stock code: 0825)	**(1,638.6)**	(830.3)
Net debt (exclude listed subsidiaries)	**25,375.4**	25,682.3

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 contributed 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 31 December 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 31 December 2014, the Group had outstanding foreign currency swap contracts in the amounts of US$10.0 million (equivalent to approximately HK$77.7 million).

As at 31 December 2014, the Group's cash and bank balances stood at HK$63,362.9 million (30 June 2014: HK$61,823.2 million) and the consolidated net debt amounted to HK$54,327.5 million (30 June 2014: HK$54,738.8 million). The net debt to equity ratio was 26.1%, a slight decrease of 1.2 percentage points as compared to 30 June 2014.

As at 31 December 2014, the Group's long-term bank and other loans and fixed rate bonds amounted to HK$115,265.6 million. Short-term bank and other loans as at 31 December 2014 were HK$2,424.8 million. The maturity of bank and other loans, fixed rate bonds and convertible bonds as at 31 December 2014 is as follows:

	HK$m
Within one year	**27,769.8**
In the second year	**23,446.0**
In the third to fifth year	**45,516.2**
After the fifth year	**20,958.4**
	117,690.4

Equity of the Group as at 31 December 2014 increased to HK$208,405.4 million against HK$200,276.5 million as at 30 June 2014.

BUSINESS REVIEW

For the first half of FY2015, the Group recorded profit attributable to shareholders of the Company amounted to HK$5,854.6 million, representing an increase of 29%. The Group's underlying profit amounted to HK$4,408.2 million, representing an increase of 5%.

Hong Kong Property Sales

Residential property sales in Hong Kong delivered satisfactory performance in 2014. The solid demand for self-occupied flats provided strong support to the market, with premium projects at prime location and small to medium sized units being sought among home buyers. The government proposed the relaxation of the double ad valorem stamp duty for home upgraders in mid-May 2014 offered flexibility to home buyers in their funding arrangements and in turn revitalised the demand of those potential buyers who had previously maintained a wait-and-see attitude. Market sentiment was further enhanced with close-to-market pricing and special offers being provided by property developers in launching their projects. In 2014, the number of first-hand sales and purchases of private residential units exceeded 16,600 and the transaction amounts totalled HK$177.9 billion, representing an increase of 70% and 93% respectively year-on-year. The transaction amounts represented an all-time record high for the past 19 years since 1996.

Thinking from customers' perspectives is one of the core values enshrined under New World's premium brand. By carefully planning every step and process in project development, and finely blending artisanal elements to exemplify the tastes and atmosphere embraced by the projects, the Group strives to design customer-centric products which we are proud of and will be the best choice to home buyers. During the six month under review, the Group exceeded the FY2015 attributable contracted sales target in Hong Kong of HK$12 billion, attaining HK$13.4 billion. If the period is calculated from January to December 2014, the Group's attributable contracted sales in Hong Kong amounted to HK$22.3 billion. The Group's brand excellence, sales performance and product quality are widely recognised by the market.

For the first half of FY2015, the Group's segment contributions from property sales in Hong Kong was primarily attributable to the sales of residential units recognised within this financial year, including "The Austin" and "Grand Austin" in South-west Kowloon, "The Woodside" in Yuen Long and "Double Cove Starview" in Ma On Shan, and the sales of residential projects completed in previous financial years including "Park Signature", "The Woodsville", "The Reach" in Yuen Long and "Double Cove" in Ma On Shan.

"Grand Austin" in South-west Kowloon, which is a large-scale and high-end development in close proximity to the Hong Kong terminus of the future Guangzhou-Shenzhen-Hong Kong Express Rail Link, was launched in June 2014 with overwhelming market responses. During the period under review, all residential units of the project were sold out, generating a total sales proceeds of HK$15.2 billion.

"THE PAVILIA HILL", a trendy and premium project on Tin Hau Temple Road in North Point, was launched in October 2014. The key project has been uniquely designed to incorporate artisanal elements. Under the delicacy of Shunmyo Masuno, a renowned landscape designer, the project includes six outdoor landscapes which bring occupants peace of mind. Interior atmosphere at the clubhouse, on the other hand, is filled with natural beauty under the design of Koichiro Ikebuchi, an interior designer, who wishes to enhance the cosy feeling of occupants by using wood as the core material for the entire project and choosing materials with veining and touchable texture for floor surfaces. The project is highly appealing to home buyers and received an overwhelming response since it first launch. During the period under review, 269 residential units were sold, generating a total sales proceeds of HK$6.1 billion.

"Double Cove Starview Prime" in Ma On Shan, which is a new joint-development project that the Group has 32% stake, and launched around the same time as "THE PAVILIA HILL", is in close proximity to Wu Kai Sha railway station and is directly accessible from Ma On Shan Bypass. During the period under review, 596 residential units were sold, generating total sales proceeds of HK$4.2 billion.

The Group has actively reviewed its plan of launching new residential projects by assessing market conditions and the needs of home buyers, to bring strong momentum to the Group's property sales business. At "SKYPARK", a key project located in Mong Kok comprising 439 residential units, over 90% are studio and 1-bedroom units. Adopting a hotel design under the delicacy of renowned European designers, the project is set to become a new landmark in the core area of Kowloon.

"THE CLEARWATER BAY", which is another key project of the Group located in Clearwater Bay Road, comprises 680 residential units offering a blended mix of layouts. This rare and luxury project is built against mountain range which is comparable to the ones at the Peak, it is expected to draw strong interest from the market.

Leveraging its brand equity in Yuen Long where a number of new projects with decent sales were launched in recent years, the Group will roll out “THE PARKHILL” which offers a total of 141 residential units with the primary focus on 2-bedroom and 3-bedroom layouts in addition to a small portion of 1-bedroom units.

Apart from the aforesaid projects, the Group also plans to launch its Des Voeux Road West project located in Western District, Double Cove Phase 4 and Phase 5 in Ma On Shan, and the remaining 29 special units of “The Masterpiece” in Tsim Sha Tsui.

The Group’s residential properties sales information during the period from 1 July 2014 to 31 December 2014 was as follows:

Name of project	**Source of land**	**Attributable to the Group**	**Total residential units sold**
1. Double Cove Starview Prime	Agricultural land conversion	32%	**596**
2. Park Signature	Agricultural land conversion	100%	**277**
3. Grand Austin	Public Tender	50%	**273**
4. THE PAVILIA HILL	Old building acquisition	85%	**269**
5. The Reach	Agricultural land conversion	21%	**239**
6. EIGHT SOUTH LANE	Old building acquisition	100%	**69**
7. Double Cove	Agricultural land conversion	32%	**61**
8. The Woodsville	Agricultural land conversion	100%	**11**
9. Double Cove Starview	Agricultural land conversion	32%	**7**
10. The Woodside	Agricultural land conversion	100%	**3**
11. The Riverpark	Public Tender	100%	**1**
12. Other residential projects	-	-	**8**
Total			**1,814**

*Source: Government website/Company data

Hong Kong Landbank

The Group has made use of multiple channels to replenish its landbank. Apart from public auction and tender, the Group has also pursued diversified means for development, including old building acquisition as well as agricultural land conversion. 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.

During the period under review, the Group has won the tender for the property development project atop the Tai Wai Station of MTR Corporation Limited at HK$2,856 million. With a site area of 521,107 sq ft and GFA of 2,050,327 sq ft, the project will comprise at least 2,900 residential units. Located in core district of Tai Wai, the project will be conveniently situated at the intersecting point of the MTR’s “North-South Corridor” and “East-West Corridor”, which are the rail lines running between Lo Wu and Admiralty and between Wu Kai Sha and Tuen Mun respectively, upon completion of the Sha Tin to Central Link.

The title unification of Kut Cheong Mansion project in North Point was completed in the third quarter of 2014. The project has a site area of approximately 32,500 sq ft. Assuming commercial development on the site, it enjoys a 15 times plot ratio and, the total GFA will amount to 487,500 sq ft. The Group is currently in preparation for the demolition of the existing structures on the site and will actively plan and review proposals for its redevelopment.

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. With reference to the government's latest city planning, the expected attributable GFA of this project upon redevelopment is approximately 165,300 sq ft. Proceeding to the court for compulsory sale under the “Land (Compulsory Sale for Redevelopment) Ordinance” will be in progress.

Further, in October 2014, the Group announced its acquisition of a Grade-A commercial project named KOHO located in Kwun Tong. With total GFA of approximately 200,000 sq ft, the project is the first commercial project in the district being converted under the revitalisation of industrial buildings.

Currently, the Group possessed a landbank with attributable GFA of around 9.3 million sq ft for immediate development. Of which, attributable GFA for residential property development amounted to approximately 5.3 million sq ft. Meanwhile, the Group had a total of approximately 18.3 million sq ft of attributable agricultural land area reserve pending for conversion in the New Territories.

Landbank by location	Attributable GFA (sq ft)
Hong Kong Island	**1,308,250**
Kowloon	**3,504,763**
New Territories	**4,438,700**
Total	**9,251,713**

Agricultural landbank by location	Total site area (sq ft)	Attributable site area (sq ft)
Yuen Long	**13,447,930**	**12,445,372**
Fanling	**2,871,000**	**2,529,000**
Sha Tin/Tai Po	**2,156,000**	**2,156,000**
Sai Kung	**1,356,000**	**1,159,120**
Tuen Mun	**41,000**	**41,000**
Total	**19,871,930**	**18,330,492**

Rental Operations

In 2014, the rental performance of Super Grade A office buildings in core districts in Hong Kong improved year-on-year. In particular, the overall vacancy rate for office buildings in Central was 3.7% in the fourth quarter of 2014, which was the lowest figure over the past three years. Rental performance was on steady rise and reported positive growth for the first time since 2011. The revitalised rental performance of office buildings in these core districts were primarily attributable to the willingness of private equity funds, securities houses and companies based in Mainland China in contemplation of listing in Hong Kong, to establish their offices in traditional core districts at higher rental rates as their regional operational hub. In Island East and Kowloon East where new commercial clusters have been emerging in recent years, the favourable news about major renovation works to take place in commercial buildings in Island East, and the government’s future deployment of resources to planning and development in Kowloon East, respectively, stimulated the rental performance in these regions.

Compared to the recovery of the office rental market, the rental performance of the retail portfolio encountered more challenges in 2014. According to a research on trade and economy conducted by the Hong Kong Trade Development Council, local spending needs and traveller consumption grew at a slower pace. On a nominal basis, retail sales grew slightly by 0.2% year-on-year during the period from January to November 2014. People in the market pointed out that the change in the structure and consumption pattern of consumers from Mainland China, namely from purchasing more luxury goods including jewellery in traditional shopping districts in the past to purchasing more daily necessities and customised brands in residential districts, is the primary reason for the narrowed growth in the retail sales, in addition to the chain effect of the advocated anticorruption drive and crackdown on extravagant consumption in Mainland China. Some operators of commercial projects have taken the lead in initiating asset enhancement programmes and redeploying the tenant mix to address market needs.

In the first half of FY2015, the Group’s gross rental income in Hong Kong amounted to HK$723.2 million. The year-on-year drop of rental income was mainly due to the resumption of the underground retail space at 12 Salisbury Road Tsim Sha Tsui (previously named as “SOGO Tsim Sha Tsui”) on 14 February 2014 for alterations and the overhaul 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 would be up 3% year-on-year. All major properties of the Group’s investment properties portfolio attained satisfactory occupancy.

Tsim Sha Tsui K11, which is located in a traditional core retail and tourism district, recorded an occupancy rate of almost 100%, a 11% increase in revenue year-on-year and an average monthly pedestrian flow of over 1.3 million, the majority of which was contributed by high-spending local young customers, during the period under review.

For Discovery Park Shopping Centre in Tsuen Wan, a densely-populated cross-border transportation hub in the western part of Hong Kong, the first three phases of renovation works were completed, and the final phase of renovation works was in smooth progress. The entire renovation programme is expected to be completed in 2015. In the course of emergence of Discovery Park Shopping Centre, efforts have been made to optimise its mix of merchants and to enhance the mall facilities addressing the needs of customers and deliver a totally fresh and pleasant shopping experience to consumers. In December 2014, E•LAND, the largest apparel group in Korea, established its first foothold in Hong Kong with the opening of stores at Discovery Park Shopping Centre for three of its major trendy brands namely SPAO, WHO.A.U and TEENIE WEENIE. The first three days since grand opening of these stores aroused much attention, attracting patronage of over a hundred thousand people.

In addition, benefiting from the redevelopment of Kowloon East and the expanded population of Tseung Kwan O, Telford Plaza in Kowloon Bay reported satisfactory rental performance driven by increasing daily patronage of local residents. Pearl City, located in the trendy locality of Causeway Bay, recorded high pedestrian flow following the completion of property refinements and quality enhancement works in December 2012.

For office buildings, New World Tower and Manning House, both being Grade A office buildings located in the traditional prime commercial area on Queen’s Road Central in Central, achieved satisfactory performance in terms of occupancy and rental rates. New World Tower is undergoing an asset enhancement programme to meet the new market leasing demand. Its office lobbies and other major facilities will be upgraded or renovated.

Adjacent to Hong Kong’s most popular tourist attraction “Avenue of Stars”, New World Centre redevelopment project located at the core area of Tsim Sha Tsui promenade is currently the most important redevelopment project of the Group. The construction of the basement and the podium are being carried out as scheduled, the development of the building block located at the junction of Salisbury Road and Mody Road is also at good progress. The underground retail space at 12 Salisbury Road Tsim Sha Tsui (previously named as “SOGO Tsim Sha Tsui”) will be altered in parallel with the redevelopment project of the adjacent New World Centre. The Group is currently in active negotiations with corresponding parties regarding the proposed enhancements to Tsim Sha Tsui Promenade, which includes the Avenue of Stars, Salisbury Garden and Tsim Sha Tsui East Waterfront Podium Garden, adjacent to the New World Centre redevelopment project.

Hotel Operations

With the revitalising momentum in the America’s economy, flourishing commercial activities between Hong Kong and Mainland China of those America based corporates have brought about inflow of business travellers. According to the statistics of the Hong Kong Tourism Board, from January to September 2014, overnight business travellers from long-haul regions totalled 702,000, an increase of 7.1% year-on-year. In particular, a 7.1% increase for America and a 9.1% increase for Europe, Africa and the Middle-East were observed. Overnight business travellers from Mainland China totalled 2,771,000, representing a growth of 8.2% year-on-year. This has stimulated the performance of business hotels and Tariff A hotels in Hong Kong. The Group’s premium hotels targeted at business travellers in Hong Kong have become major contributors to the results of the Group’s hotel operations segment.

The large-scale renovation at Grand Hyatt Hong Kong is currently underway with good progress. The renovation of approximately 158 guest rooms under phase two of the renovation will commence in the first half of 2015. Despite the impact on occupancy rate caused by the renovation of guest rooms during the period under review, the hotel’s average room rate achieved at a high level of HK$3,453 per night. Benefitting from the continual growth of conventions and exhibitions, Renaissance Harbour View Hotel, which is adjacent to Hong Kong Convention and Exhibition Centre, reported satisfactory occupancy rate which increased by 7.4 percentage points to 80.4% year-on-year, with solid performance in its average room rate.

Centrally located in Tsim Sha Tsui at the junction where the Tsuen Wan line at Tsim Sha Tsui station intersects with the East Rail line at Tsim Sha Tsui East station, Hyatt Regency Hong Kong, Tsim Sha Tsui achieved an average occupancy rate of 91.4% and an average room rate of HK$2,163 per night during the period under review. For Hyatt Regency Hong Kong, Sha Tin, which is adjacent to University Station on the East Rail line, average occupancy rate reached 89.9% and average room rate was HK$1,369 per night during the period under review. pentahotel Hong Kong, Kowloon, which was opened in November 2013 and is located near the Kai Tak Cruise Terminal in Kowloon East, targets young fashionable gurus and travellers looking for novel experience. During the period under review, it had an average occupancy rate of 80.7% and reported satisfactory performance in its average room rate.

During the period under review, the Group has two new hotels commencing operations in Mainland China. The ultra-luxury Rosewood Beijing, located in a core city area of Chaoyang District, Beijing, had its soft-opening on 23 October 2014. Being the first project under the Rosewood Hotels & Resorts brand in Mainland China, Rosewood Beijing targets the high-end segment of the market. In addition, Guiyang New World hotel, located in the provincial capital of Guizhou, had its soft-opening on 25 September 2014.

As at 31 December 2014, the Group had a total of 18 hotel properties providing over 8,000 guest rooms in Hong Kong, Mainland China and Southeast Asia.

Mainland China Properties

In the past few years, the sales performance of properties in Mainland China has been unsteady amidst a series of austerity measures under the nation's administrative regime. However, since the third quarter of 2014, as driven by favourable factors including the gradual relaxation of purchase restrictions in most cities, the availability of special offers in home mortgage interest rates and falling interest rate in general, the market sentiment for property sales in Mainland China started to improve whilst rigid demand was to a certain extent unlocked. The recovery of purchasing power in the market also gained speed alongside the availability of special offers in home mortgage interest rates. In view of the re-steered property market, most developers turned to emphasise the acceleration of property sales as the primary goal, which have in turn ironed out the interrupted chain of supply and demand. It is believed that with the Central Government's initiation of a new round of intensified and comprehensive reforms to the nation's property market, its commitment to a market-oriented approach to reforms, and its increasingly clear goal of "diminishing administrative interference and augmenting the role of market forces", the property market in Mainland China is poised to sustain steady and healthy development along a course of stability.

The overall contracted property sales of New World China Land Limited ("NWCL") in the first half of FY2015 reached a total GFA of 501,425 sq m and the gross sales proceeds amounted to RMB7,231 million.

In the period under review, NWCL's completed property development projects for sale in Mainland China amounted to a total GFA of 522,702 sq m, of which residential GFA amounted to 498,245 sq m. In the second half of FY2015, it is anticipated to complete property development projects totalling a GFA of 834,337 sq m in Mainland China, of which residential GFA will amount to 695,922 sq m.

The opening of Shanghai K11 Art Mall has stimulated the patronage, occupancy and enhances the rental performance 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

The economic development and implementation of unitoll system in Guangdong during the first half of FY2015 benefitted NWS Holdings Limited's ("NWSH") expressways in the Pearl River Delta Region. Although the traffic volume of Guangzhou Dongxin Expressway grew by 28%, the actual traffic flow remained below expectation and NWSH shared an impairment loss of HK$300 million for the expressway during the period under review.

Toll revenue of Hangzhou Ring Road increased by 8% mainly due to the growth of heavy vehicles, even though the average daily traffic flow remained at a comparable level as the same period last year. However, the contribution from this expressway dropped because of overhaul works.

The divestment of Macau Power was completed in July 2014. Electricity sales at Zhujiang Power Plants dropped by 7% as two of the generators underwent overhaul while more hydro-electricity was imported from the western provinces. The abundance of hydro-electricity supply and weakening demand contributed to the 19% decline in electricity sales at Chengdu Jintang Power Plant.

Sales volume of Zhongshan Dafeng and Quanlu Water Plants and Sanya Water Plant increased by 10% and 5% respectively during the first half of FY2015. Waste water treated by Chongqing Tangjiatuo Waste Water Plant and Shanghai SCIP Water Treatment Plants also rose by 5% and 14% respectively. In Macau, sales volume of Macau Water Plant grew healthily by 6% and a tariff hike became effective in August 2014.

Beijing Capital International Airport Co., Ltd. provided full period contribution during the first half of FY2015. As the second busiest airport in the world in terms of passenger traffic, its throughput reached 44,550,000 passengers.

Buoyed by strong demand for warehouse and logistics facilities in Hong Kong, ATL Logistics Centre maintained its remarkable growth momentum as the occupancy rate increased from 98.9% to 99.5% while average rental rose by 23% during the period under review.

China United International Rail Containers Co., Ltd. reported a throughput growth of 11% to 926,000 TEUs for the first half of FY2015. Chongqing Terminal's expansion project commenced in November 2014 and its annual handling capacity is set to double to 600,000 TEUs upon completion in FY2016.

On 2 February 2015, NWSH acquired 40% equity interest in Goshawk Aviation Limited ("Goshawk") and certain outstanding loan notes together with accrued and unpaid interest at a total cash consideration of approximately US$222.5 million (equivalent to approximately HK$1,724.4 million). Goshawk, which is engaged in commercial aircraft leasing business with a current fleet of 27 aircrafts, plans to achieve a target fleet to approximately 50 aircrafts by end of 2015.

Service

Having been voted "Asia's Best Convention and Exhibition Centre" for the 12th time by CEI Asia Magazine, one of the most influential trade publications in the region, Hong Kong Convention and Exhibition Centre ("HKCEC") has genuinely demonstrated its ability and competitiveness in retaining and attracting event organisers to host international exhibitions and conventions as a market leader. During the first half of FY2015, 551 events were held at HKCEC with a total patronage of approximately 4.3 million.

The overall performance of Free Duty continued to be affected by the austerity measures of Chinese government to curb luxury spending and higher rental expenses. However, with the completion of shop remodeling and full operation of all outlets, sales performance has continued to improve steadily. With effect from November 2014, a five-year duty free concession contract at the Macau International Airport was awarded to a 60% owned subsidiary of NWSH.

Contribution from the construction business increased significantly in the first half of FY2015 mainly due to improved gross profit margin and project progress. As at 31 December 2014, the gross value of contracts on hand for the construction business was approximately HK$60.5 billion.

An impairment loss of HK$1.3 billion in the carrying value of the Group's interest in Newton Resources Ltd was recognised in light of the substantial reduction in the market price of iron concentrates and the unfavourable future projection of the price of iron concentrates.

Department Stores

For New World Department Store China Limited ("NWDS"), 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 18.4% and 15.7% respectively of the total revenue. The remaining 2.2% 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 30.7% and 19.2% of the total revenue respectively.

On 16 January 2015, NWDS entered into a share purchase agreement to acquire the entire issued share capital of Well Metro Group Limited for a consideration of HK$1 million. Well Metro Group Limited and its subsidiaries have the franchise and distribution right in relation to fashion apparels and accessories for certain brand names in the PRC and have a network of retail operation in the PRC.

As at 31 December 2014, NWDS operated and managed a total of 43 stores spreading across 21 cities in Mainland China with total GFA of over 1.6 million sq m.

OUTLOOK

Economic ups and downs around the globe constitute critical factors affecting the development of various industries. Specifically, the United States' interest rate trends represent the most remarkable trigger for the property market. Despite the challenges encountered by Europe and Japan in their respective economic performance and Mainland China's slackened GDP growth, signs of recovery have been seen in the United States' economy last year. In addition to the US Federal Reserve's announcement of the withdrawal of its quantitative easing in the third quarter of 2014 in view of continual improvements in some key economic indicators, the latest statement on monetary policies made by the Federal Open Market Committee in December 2014, that it "can be patient in beginning to normalise the stance of monetary policy" as opposed to its previous statement that the interest rate would stay near zero "for a considerable time", have also elevated the market expectations of US interest rate rise.

The possibility of an early interest rate rise is however confined by the below-target inflation rate of the United States, which is a key benchmark to support interest rate hike, notwithstanding the nation's continued economic growth of 4.6% and 3.9% in the second and third quarters of 2014 respectively and falling unemployment rate. The United States' national consumer price index only grew at a CAGR of 1.4% since January 2012 when the inflation target of 2% was set by the US Federal Reserve. According to the latest data released by the United States Department of Labour, in 2014, the United States' national consumer price index only grew at 1.3% year-on-year primarily due to the substantial drop in crude oil prices, or a mere 1.7% growth if taking the more fluctuating items such as food and energy away from considerations. Analysis estimates a 1.7% inflation rate of the United States in 2015, down from the previous forecast of 1.9%.

Taking into account the aforesaid factors, the pace of the United States' rate hike cycle will still depend on actual consumption and inflation. Some opinions suggest that there is lack of incentives for interest rate rise in the short run, and that any of such rise will be marginal and will not happen until a later stage in 2015. This will be positive to the property market.

Today, the demand for home purchases remains strong in Hong Kong, primary attributable to the demand of first-time home buyers and home upgraders who have previously withheld their purchases in view of the lack of new supply in the past few years and the administrative measures adopted by the HKSAR Government to curb the local property market. As a matter of fact, with its sound economic fundamentals, Hong Kong had an unemployment rate of only 3.3%, after seasonal adjustments, in the fourth quarter of 2014, which was close to a 16-year trough. Real GDP growth of the territory was 2.4% for the first three quarters of 2014. It is expected that property sales in Hong Kong will continue to enjoy steady development, in light of low interest rate, consistent policy implementations, and property developers' close-to-market pricing and provision of special offers for attracting purchasers.

Thinking from customers' perspectives represents one of the core values enshrined under New World's premium brand. The Group aims to provide the best choices to home buyers by designing products which customers need and are proud of. Our professional team carefully plans every step and process in project development and finely incorporates the idea of artisanal elements in creating the Group's products. From "Park Signature", "The Woodsville" and "The Woodside" to "The Austin", "Grand Austin" and "THE PAVILIA HILL", all of our recent projects exemplify ingenious ideas and attitude of living, articulate the unique tastes of living of individual projects, and expose home buyers to an atmosphere of greatness and nobleness.

During the period under review, the Group has already surpassed the FY2015 attributable contracted sales target of HK$12 billion, attaining HK$13.4 billion. If the period is calculated from January 2014 to December 2014, the Group's attributable contracted sales in Hong Kong amounted to HK$22.3 billion. The Group's brand awareness, sales performance and product quality are widely recognised by the market. Leveraging the sound performance in property sales, the Group will work hard on the preparations for new launches for "SKYPARK" in Mongkok, "THE PARKHILL" in Yuen Long, "THE CLEARWATER BAY" in Sai Kung, Des Voeux Road West project on Hong Kong Island, and Double Cove Phase 4 and Phase 5 in Ma On Shan.

Meanwhile, the Group will carefully probe and identify opportunities which are in line with the Group's development strategies. Through public auction/tender, old building redevelopment and agricultural land conversion, the Group will strive to secure land resources of premium quality to support the Group's sustainable development. During the period under review, the Group won the bid from MTR Corporation Limited for property development project atop of Tai Wai station, securing approximately 2 million sq ft developable resources for the Group. This reflects the Group's commitment to obtaining premium land parcels and in turn securing the best resources so as to provide home buyers with the best choices.

In addition, acquisition of over 80% ownership of 4A-4P Seymour Road in Mid-Levels has been completed under a joint-development urban redevelopment project, and compulsory sale will begin soon. The title unification of Kut Cheong Mansion on King's Road, North Point was also completed on schedule. By acquiring additional interests in the project in January 2015, the Group held 90% stake in the project, further consolidating New World Development's reputation as a down-to-earth and highly efficient developer in acquiring large-scale old building redevelopment projects in urban districts.

In response to the changing consumption patterns of local customers and those from Mainland China, the Group has actively improved the physical facilities and upgraded the tenant mix in its retail properties in Hong Kong, boosting the rental performance of the Group's projects. Discovery Park Shopping Centre in Tsuen Wan is undergoing the final stages of overhaul. It will include, among others, a brand-new baby nursing room, which has been ranked the best in Hong Kong in terms of basic facilities, environment and additional services and facilities. E•LAND, the largest apparel group in Korea, has established its first footholds in Hong Kong with the opening of stores at Discovery Park Shopping Centre for three of its major trendy brands namely SPAO, WHO.A.U and TEENIE WEENIE, providing new consumption experience to consumers. New World Centre redevelopment project in Tsim Sha Tsui, which is located at Tsim Sha Tsui promenade and adjacent to Hong Kong's most popular tourist attraction "Avenue of Stars", is currently underway with good progress. Upon completion, this large-scale project with approximately 3 million sq ft is expected to further expand the revenue contribution of the Group's rental properties in Hong Kong.

The Group has adhered to its "邁步向前• One Step Forward" spirit in building the New World brand and dedicated its efforts to its property businesses 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. Meanwhile, the availability of stable capital generated from core business operations makes it possible to solidify the foundation of the Group's business development and further expand the Group's premium brand, and also to support generous dividend payouts in appreciation of shareholders' support to the Group over the years.

As a "city architect", the New World brand will continue to innovate and shine, aiming to enhance both our society and our living, and maximise the interests of our stakeholders.

Dr. Cheng Kar-Shun, Henry
Chairman

Hong Kong, 27 February 2015

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.