



New World Development Company Limited
(Stock Code: 0017)

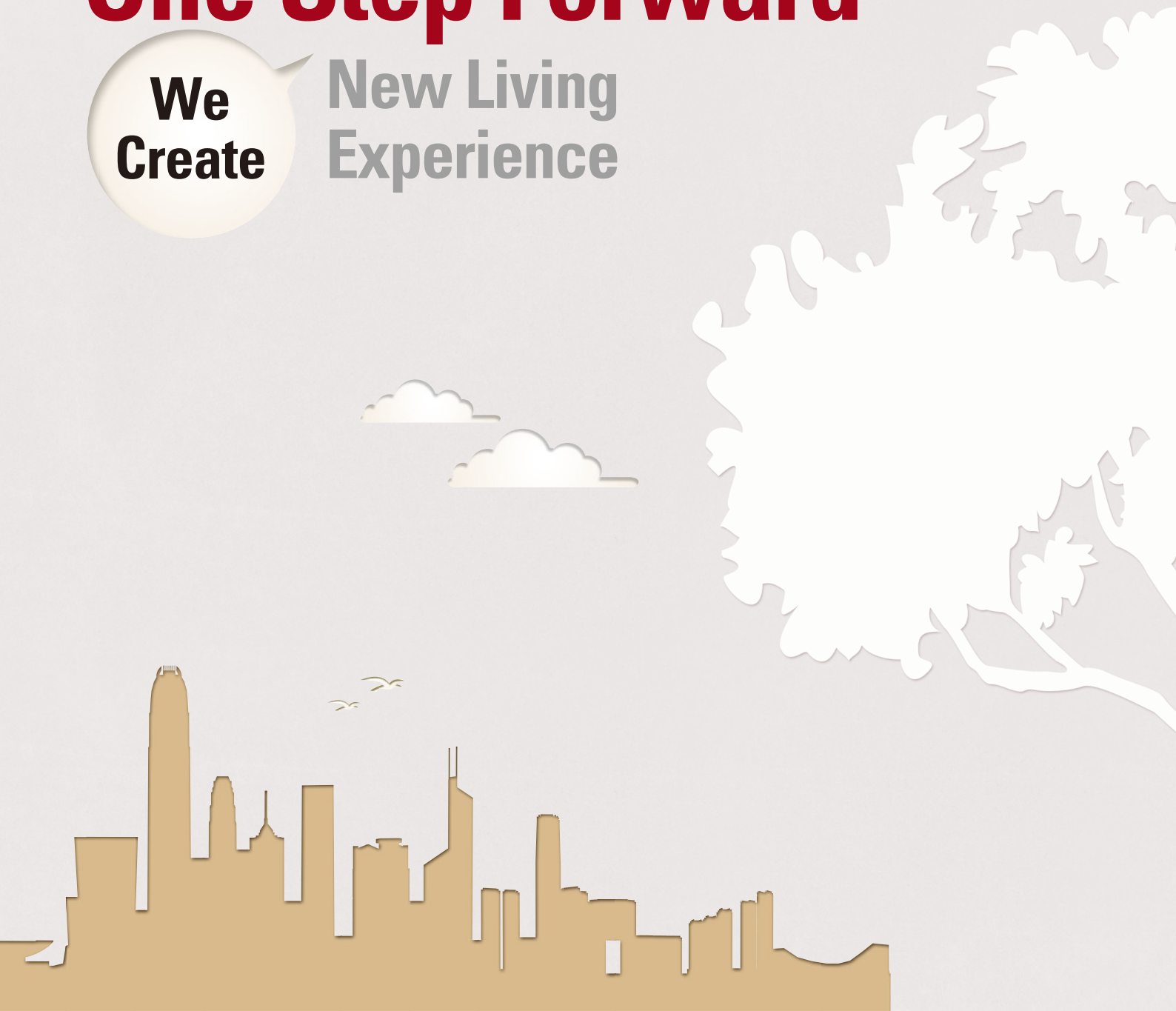


Interim Report
2012/2013

One Step Forward

**We
Create**

**New Living
Experience**



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FINANCIAL HIGHLIGHTS

	Unaudited Six months ended 31 December		
	2012 HK\$m	2011 HK\$m	Change %
Revenues	24,455.0	19,103.1	28.0
Total segment results ⁽¹⁾	9,126.2	7,159.8	27.5
Other gains, net	688.2	1,584.7	(56.6)
Change in fair value of investment properties	5,650.7	1,852.3	205.1
Profit attributable to shareholders of the Company	9,985.9	5,223.8	91.2
Underlying profit	4,099.9	2,825.6	45.1
	As at 31 December 2012 HK\$m	As at 30 June 2012 HK\$m	
Cash and bank balances	30,573.4	28,036.3	
Net debt ⁽²⁾	59,822.5	57,773.4	
Total equity	171,743.4	158,040.7	
Net gearing ratio (%) ⁽³⁾	34.8	36.6	

(1) Include share of results of jointly controlled entities and associated companies

(2) The aggregate of bank loans, other loans, fixed rate bonds and convertible bonds less cash and bank balances

(3) Net debt divided by total equity

CHAIRMAN'S STATEMENT

TO OUR SHAREHOLDERS,

In *Jahrbuch für Philosophie und phänomenologische Forschung*, or the "Yearbook for Philosophy and Phenomenological Research", Husserl¹, a renowned phenomenologist, suggested that only by intuitive reflection on the essence of the objective world can we have eidetic elucidation of our mental acts and new seizure of the phenomenon, before solving the same in principle. It is, as he advocated, only by going back to the "object itself", which is the object of consciousness, and "bracketing out" the naturalistic standpoint and "suspending" pre-conceptions by applying "phenomenological reduction", can we realise the essence of the consciousness and identify its fundamental structure.

As things develop and evolve, the long existence of certain prototypes or perceptions may limit the scope of our vision and imagination. In fact, Chinese people count on experience, good or bad, to guide the way we act and react. Building upon this excellent tradition, if we can "bracket out" existing mentality and go back to the "object itself" by cogitating and dissecting what we observe, examining the essential structure and fundamentals of our consciousness, and reshaping everything, we may be led to new points of view far beyond our imagination.

In 2012, the course and results of New World Group's performance in property sales and land acquisition demonstrated our determination to excel in our property development business. Through effective control and management, enhanced product quality, and synergy among our group companies, we capitalise on our close bonding and good teamwork to generate fruitful results for the Group.

"New World, One Step Forward" is all about the extra step that we shall take in our mental, verbal and physical deeds. With bold and innovative ideas, we shall have new reflections from a new perspective, realise the essential structure of the objective world, focus on every bit and step, and leverage upon our over four decades of extensive experience in the industry to engineer the DNA which is unique to the New World brand, and provide better and more caring products and services to the general public.

2013 will be a year representing a new height in the growth of the Group. We will continue to make every effort to excel in our property business, surpass ourselves, deliver quality products and services to the general public, and maximise the interests of our stakeholders.

Dr. Cheng Kar-Shun, Henry

Chairman

Hong Kong, 27 February 2013

¹ *Phenomenology, founded by German philosopher Edmund Husserl in 1900, was one of the most important school of philosophy in the twentieth century.*

JOINT GENERAL MANAGERS' REPORT**BUSINESS REVIEW**

For the first half of FY2013, NWD recorded consolidated revenues of HK\$24,455.0 million and profit attributable to shareholders of the Company amounted to HK\$9,985.9 million, representing an increase of 28.0% and 91.2% respectively. The Group's underlying profit amounted to HK\$4,099.9 million, representing an increase of 45.1%.

Hong Kong Property Development

Various countries have adopted easing monetary policies since early 2012 to stimulate a rapid recovery of the lackluster global economy. With sufficient availability of liquidity, various banks in Hong Kong have launched preferential mortgage plans, fueling the demand for home purchases. According to the information provided by the Rating and Valuation Department, the residential property market experienced a remarkable rebound in transaction volume from January to June 2012. The monthly average number of sale and purchase agreements for residential building units was 6,867, up over 40% compared to the period of July to December 2011. Centa-City Leading Index, which reflects the trend of Hong Kong property prices, was 104.60 at the end of June 2012, up 9.13 against January 2012.

In the third quarter of 2012, strong momentum in the property market was dampened under the influence of administrative measures adopted by the Hong Kong SAR Government, with an aim to curb the speculative activities in the residential market in order to alleviate the supply and demand imbalance and fulfill the home purchase demand of permanent residents of Hong Kong. On 26 October 2012, the government announced the increase of the Special Stamp Duty ("SSD") rate and the extension of its covering period to three years. Buyer's Stamp Duty ("BSD") was first introduced whereby on top of the existing stamp duties applicable. An additional 15% BSD will be imposed on the acquisition of Hong Kong residential property by a person who is not a Hong Kong permanent resident and also by a company incorporated either in Hong Kong or offshore. With the new measures introduced, the potential buyers depicted a "wait-and-see" attitude resulting in an adjustment of the transaction volume.

After the market's accustomisation of the new measures and the support from fundamental favorable factors including low interest rate and the concrete demand, the residential property market is gradually regaining its momentum starting in early 2013. According to market statistics, 5,430 sale and purchase agreements of residential building units were registered in January 2013, up remarkably 65% against December 2012. With the signs of recovery of market sentiment, developers are speeding up their property development in order to roll out new projects promptly to cater for the strong housing demand. Among all property categories, units with price range of HK\$3 million to HK\$5 million each are most welcomed by home buyers. Luxury units with price over HK\$12 million each are also highly sought after by home buyers. Transaction volume of the first-hand units up 21% month-on-month in January 2013 reflecting the transactions of newly launched luxury properties have returned to a stable level.

In 2012, the Group has successfully launched a luxury project "The Signature" in Tai Hang; a large-scale residential project "The Riverpark" in Sha Tin; the Group's joint-venture residential project "Double Cove", situated adjacent to Wu Kai Sha MTR station in Ma On Shan; and another joint-venture residential project of the Group in the town centre of Yuen Long "The Reach". A total of 2,104 units of the four aforesaid new residential developments were sold during 2012. For those projects already launched, including "The Masterpiece", a luxury project in Tsim Sha Tsui and two joint-venture projects in Hung Hom namely "Harbour Place" and "Chatham Gate", a total of 262 units were sold during 2012.

JOINT GENERAL MANAGERS' REPORT

In 2013, the Group is planning to launch a couple of high-quality residential projects to cater for a wide spectrum of market segments. In particular, applications for pre-sale consents have been submitted to the relevant government departments for Site C, Austin Station Project, which is located in a premium residential area in prime South-west Kowloon and next to the Hong Kong Terminus of the Guangzhou – Shenzhen – Hong Kong Express Rail Link; projects located in the diversified living area in the town centre of Yuen Long including Hung Shui Kiu Project, “Park Signature” in Lung Tin Tsuen; and “The Woodsville” in Tai Tao Tsuen. These projects together with the urban redevelopment projects and the completed project to be launched will provide sustainable contributions to the Group.

In the launching pipeline	Attributable to NWD	Total number of units	Attributable number of units	Remarks
Park Villa – Tong Yan San Tsuen, Yuen Long	100%	51	51	Completed
Austin Station Project, Site C, South-west Kowloon	50%	576	288	Pre-sale consent application submitted
The Woodsville – Tai Tao Tsuen, Yuen Long	100%	236	236	Pre-sale consent application submitted
Hung Shui Kiu Project, Yuen Long	100%	98	98	Pre-sale consent application submitted
Park Signature – Lung Tin Tsuen, Yuen Long	100%	1,620	1,620	Pre-sale consent application submitted
*Eight South Lane – South Lane, Kennedy Town	100%	100	100	Non-consent scheme
*Kwai Fong Street Project, Happy Valley	87%	156	135	Non-consent scheme
Double Cove, Phase II – Ma On Shan, Sha Tin	32%	865	277	Agricultural land conversion project
Total		3,702	2,805	

*: “Collectable Residences”

Apart from the sale of residential properties, the Group has also proactively reviewed its asset portfolio and disposed certain retail shops and car parks in residential properties. In the first half of FY2013, the Group’s effective share of sales proceeds from disposals of non-core assets amounted to approximately HK\$101 million. In January 2013, the Group disposed of Riviera Plaza Arcade at a consideration of HK\$508 million, a property with over 20 years history in Riviera Gardens in Tsuen Wan. Currently, the Group is actively negotiating with potential investors on a number of its non-core assets.

The Group has been pursuing to replenish its landbank through various means, including public auction and tender, old building redevelopment as well as agricultural land conversion. Resources consumed in our current development was actively replenished to provide the Group with a steady pipeline of land supply in the coming years and to plan for property development and strategies in the long term.

In September 2012, the Group won the tender from The Urban Renewal Authority for the development of Sai Yee Street Project in Mong Kok. The project, with a site area of about 26,673 sq ft, is bounded by parts of Sai Yee Street, Nelson Street and Fa Yuen Street and situated in the cluster of sports retail outlets named “Sneakers Street” in Mong Kok. Upon completion, it is expected to deliver a residential GFA of approximately 186,712 sq ft and a multi-level commercial portion with GFA of about 53,346 sq ft.

JOINT GENERAL MANAGERS' REPORT

In January 2013, a joint-venture formed by the Group and Vanke Property (Hong Kong) Company Limited won the tender of the Tsuen Wan West Station TW6 Property Development Project from MTR Corporation Limited at a consideration of approximately HK\$3.4 billion. The project, with a total site area of approximately 150,000 sq ft, can be developed into two residential buildings with residential GFA of over 670,000 sq ft. Located at the waterfront embracing the splendid scenery of the Rambler Channel, the project is geographically superb with close proximity to Tsuen Wan West MTR station and excellent transportation network.

Landbank by location, as at 31 December 2012	Attributable GFA (sq ft)
Hong Kong Island	690,269
Kowloon	4,474,071
New Territories (excluding areas pending agricultural land conversion)	4,443,294
Total	9,607,634

(The figures above do not include the Tsuen Wan West Station TW6 Property Development Project won in January 2013 through a public tender)

Agricultural landbank by location, as at 31 December 2012	Total land area (sq ft)	Attributable land area (sq ft)
Yuen Long	14,288,500	12,913,500
Fanling	2,590,000	2,386,000
Sha Tin/Tai Po	2,162,000	2,162,000
Sai Kung	1,265,000	1,100,000
Tuen Mun	120,000	120,000
Total	20,425,500	18,681,500

As at 31 December 2012, the Group had a landbank of around 9.6 million sq ft total attributable GFA for immediate development, of which, over 50% was in the urban area, out of which the Group's effective share of GFA for residential property development amounted to approximately 6.2 million sq ft. Meanwhile, the Group has a total of approximately 18.7 million sq ft of agricultural land reserve pending for conversion, ranking it as one of the developers with abundant agricultural land reserve in Hong Kong.

Hong Kong Property Investment

Benefiting from the ongoing upsurge in visitor arrivals from Mainland China, the retail industry of Hong Kong continued to maintain its strong growth in 2012. According to information released by the Census and Statistics Department, the total retail sales value of Hong Kong in 2012 grew by 9.8% year-on-year whereas the total sales volume increased by 7.2% year-on-year. Visitors from Mainland China remained as the major growth driver of the local retail market. Their preference to keep spending in Hong Kong is due to the convenience of travelling when compared with other cities in the world, and more importantly the appreciation of the Renminbi against Hong Kong dollar is another major factor. However, their consumption pattern is gradually changing from their original focus on luxury goods and products of major brands to daily household necessities. This change has stimulated the demand for retail shops in sub-prime districts resulting in the increase of the corresponding rental rates.

JOINT GENERAL MANAGERS' REPORT

International retail brands continue to set foot in the Hong Kong market. They aim to enhance the brand recognition in the region by leveraging upon Hong Kong's edge, thereby planning to further expand into the Greater China market. Their demand for retail space in prime retail and tourist clusters such as Central and Tsim Sha Tsui remains strong, in particular for those properties with large advertising space and shop size, and supporting facilities fulfilling the requirements of flagship stores. For local brands, they intend to expand their businesses and thus their market share while the market sentiment is favourable. Strong demand is pushing rental rates to their new heights, as depicted by the doubling of the overall rental rates for top-tier shopping arcades and 180% increase in rental rates for street shops during the period from 2003 to 2011, according to market statistics.

There have been adjustments in the occupancy rate and rental level of the offices in prime commercial districts under the lackluster global economy. In particular, the banking, finance and insurance sectors restructured their operational and human resources hierarchy in response to market conditions in 2012, which led to short-term reduction in the demand for office space and business expansion. Meanwhile, non-core businesses are relocated to sub-prime commercial districts for cost reduction, which in turn boosted the demand for office buildings in those districts indirectly. Furthermore, decreasing number of companies sought listing in Hong Kong in 2012 also contributed to the shrinkage in the demand for office space in prime commercial districts.

Notwithstanding the above, the demand for prime office space resurrected, given the cease of internal rationalisation adopted by those corporations in the aforesaid sectors and the relief of the imminent crisis encountered by major economies in the world. In fact, the drop in rental rates of the offices in prime commercial districts has been stabilised since the fourth quarter of 2012, reflecting the gradual recovery of the market. Rental level and occupancy of office space are expected to regain momentum, in view of the limited supply of sizeable new office space in core commercial districts in the short term.

During the period under review, the Group's gross rental income in Hong Kong amounted to HK\$704.1 million, an increase of 7.0% year-on-year. All major projects of the Group's investment portfolio attained satisfactory occupancy. In particular, benefited from the steady performance of the overall Hong Kong retail market, strong visitors traffic together with their strong consumption power, the Group's K11 Art Mall in Tsim Sha Tsui, Discovery Park Shopping Centre in Tsuen Wan and Pearl City Shopping Mall in Causeway Bay recorded high pedestrian flow and made increasing contributions to the property investment segment during the period under review. K11 Art Mall in Tsim Sha Tsui, located in the prime retail and tourism district, delivered satisfactory performance with an average monthly pedestrian flow of over 1.1 million. For New World Tower and Manning House, which are grade A office buildings located in the traditional prime commercial area on Queen's Road Central, were relatively less affected by the global economic conditions as the tenants are mainly composed of medical centres, law firms and local leading enterprises. Therefore, both recorded stable rental contributions compared to other grade A office buildings in the same district.

To enhance the contributions of the Group's Hong Kong investment property portfolio and increase the asset quality in order to strive for higher returns, renovation of Discovery Park Shopping Centre in Tsuen Wan has undertaken in phases starting the fourth quarter of 2012. In addition, the Group has undertaken renovations and facilities upgrade in New World Tower, Manning House in Central and Pearl City in Causeway Bay during the period to enhance qualities of these properties.

The redevelopment project of New World Centre at the prime location of Tsim Sha Tsui promenade has commenced during the period under review. The demolition works of buildings have been completed and foundation work such as foundation levelling and reinforcement are currently in progress.

**Hotel operations**

With the persistently strong exchange rates of most major currencies against Hong Kong dollars, tourists from various countries were encouraged to spend more in Hong Kong, bringing great opportunities to Hong Kong's tourism and hotel businesses. Apart from the continuous increase in visitors from Mainland China, visitors from other emerging markets also increased as a result of visa-free access arrangement and newly operated or more frequent direct flights. In fact, Hong Kong's reputation in the tourist industry in recent years has become one of the key factors in attracting visitors. In 2012, as in the poll of international travel website TripAdvisor, Hong Kong was ranked the tenth among the top 25 tourist destinations in the world and the best in Asia. In Mastercard's 2012 Report on the best cities to travel in the world, Hong Kong was ranked the sixth among 132 cities in the world, after London in the United Kingdom, Paris in France, Bangkok in Thailand, Singapore and Istanbul in Turkey.

According to the statistics of the Hong Kong Tourism Board, visitor arrivals to Hong Kong reached 48.6 million in 2012, up 16% year-on-year. Visitors from Mainland China increased by 24%, while emerging markets were also playing an increasingly important role, with visitors from Russia increased by 42% and thus making Russia the fourth largest European market after the United Kingdom, France and Germany. Preliminary estimation has showed that consumption per capita for overnight visitors was approximately HK\$7,819 in 2012, up 4.7% year-on-year. The figure reflects, to a certain extent, visitors' willingness to spend more on hotel accommodation. The increase in visitor arrivals and the increase in the per capita consumption of overnight visitors have provided strong support to local hotel industry.

During the period under review, the Group's four major hotels in Hong Kong, namely, Grand Hyatt Hong Kong, Hyatt Regency Hong Kong, Tsim Sha Tsui, Hyatt Regency Hong Kong, Sha Tin and Renaissance Harbour View Hotel Hong Kong, delivered strong performances. In particular, Grand Hyatt Hong Kong has made remarkable contributions to the Group's hotel operations, with revenues up 9% against the period of January to June 2012. Hyatt Regency Hong Kong, Tsim Sha Tsui and Hyatt Regency Hong Kong, Sha Tin, both commenced operations in 2009, achieved outstanding performances. Hyatt Regency Hong Kong, Tsim Sha Tsui recorded average occupancy of over 89% and average room rates growth of 5% against the period of January to June 2012. Hyatt Regency Hong Kong, Sha Tin recorded average occupancy approximately 85% and average room rates growth of 4% against the period of January to June 2012.

During the period under review, New World Shenyang Hotel in Liaoning Province ceased business in November 2012. As at 31 December 2012, the Group had a total of 15 hotels located in Hong Kong, Mainland China and Southeast Asia, totaling 6,976 hotel rooms.

Mainland China property development and investment

In 2012, under the main theme of "Making Progress While Maintaining Stability" (穩中求進), the Central Government expedited the transformation of economic development approach and emphasised on stable growth, which resulted in the timely consolidation and enhancement in the government's austerity measures and a balance between social development and economic growth. The property sector in China depicted relatively healthy development among different industries in China. In 2012, the aggregate investments in China's real estate sector amounted to RMB7,180.4 billion, up 16.2% year-on-year. Aggregate GFA of construction commenced by property developers reached 5,734.18 million sq m, up 13.2% year-on-year. Aggregate GFA of commodity properties sold amounted to 1,113.04 million sq m, increased 1.8% year-on-year. Aggregate sales amounted to RMB6,445.6 billion, up 10% year-on-year.

The property market is currently moving towards a direction of healthy, orderly and steady development. It is expected by the market that the Central Government will continue to adhere to its proactive fiscal policies and prudent monetary policies in the national economic development. Existing policies will be maintained with no major deviation to achieve stable transition.

JOINT GENERAL MANAGERS' REPORT

During the first half of FY2013, New World China Land Limited ("NWCL") recorded profit attributable to shareholders of HK\$2,321.1 million, an increase of 28.7% year-on-year. In particular, operating profit attributable to property sales amounted to HK\$1,596.8 million, up 18.6% year-on-year. Attributable operating profit of its rental business amounted to HK\$278.8 million, up 61.4% year-on-year.

Riding on the trend of steady development in the property market in Mainland China, NWCL achieved total GFA of property contracted sales of 625,465 sq m and total contracted sales amount of RMB8.476 billion, up 101.8% and 101.4% year-on-year respectively. Gross profit of the overall property sales was 51%, decrease six percentage points year-on-year, which was mainly attributable to the difference in the portfolio of property sold.

Furthermore, the growth of rental income from Beijing New World Centre shopping mall, the increase in the average rental rates of Wuhan New World Centre, Wuhan New World International Trade Tower and Shunde New World Centre, as well as the consistently high occupancy in Guangzhou Canton Residence has stimulated the performance of NWCL's rental business.

Infrastructure and Service

NWS Holdings Limited ("NWSH") achieved a profit attributable to shareholders of HK\$2,106.2 million for the first half of FY2013, representing a decrease of 38.5% as compared to the first half of FY2012, which was mainly due to the recognition of approximately HK\$1.8 billion dilution gain from the listing of Newton Resources Ltd ("Newton Resources") in the first half of FY2012.

Infrastructure

The toll standardisation policy in Guangdong Province and the holiday toll free policy introduced by the Central Government in 2012 have adversely impacted the performance of NWSH's toll road projects during the first half of FY2013. However, these negative impacts were offset by the increased contribution from the newly acquired Hangzhou Ring Road. The project recorded an average daily traffic of over 88,000 vehicles during the period. The average daily traffic flow of Guangzhou City Northern Ring Road showed an increase of 14% during the period under review, as a result of the opening of an interchange in June 2012. The average daily traffic flows of Guangzhou-Zhaoqing Expressway and Shenzhen-Huizhou Expressway grew by 13% and 9% respectively when compared to the first half of FY2012.

The contribution from the energy business was improved due to softened coal price. Due to weakened demand and increase in hydro-electricity supply from the western provinces in Mainland China during the period under review, Zhujiang Power registered a decrease in sales volume of 24%. The electricity sales of Chengdu Jintang Power Plant dropped by 5% when compared to the first half of FY2012. The electricity sales of Macau Power grew by 7% during the period under review resulting from more entertainment and hotel facilities came into operations.

The sales volume of Sanya Water Plant and Macau Water Plant both increased by 7% during the first half of FY2013. Waste water treated by Chongqing Tangjiatuo Waste Water Plant also increased by 19% during the period under review, while Shanghai SCIP Water Treatment Plants reported a healthy growth of industrial water sales revenue.

The occupancy rate at ATL Logistics Centre was maintained at 98% while the average rental grew by 3% during the period under review. The NWS Kwai Chung Logistics Centre, which commenced operations in December 2011, was fully leased out and provided the Group with a steady stream of income during the first half of FY2013.

The eight operating rail terminals of China United International Rail Containers Co., Ltd. handled an aggregate throughput of 766,000 TEUs for the first half of FY2013, as compared to 757,000 TEUs for the same period last year. These terminals in Kunming, Chongqing, Chengdu, Zhengzhou, Dalian, Qingdao, Wuhan and Xian form part of the overall plan to build 18 such terminals at major railway hubs within Mainland China. Two further terminals are in the advance stage of planning and construction preparation.

Service

The Group continued to benefit from the growth of exhibition and convention industry in the first half of FY2013. During the period under review, 629 events were held at Hong Kong Convention and Exhibition Centre with a total patronage of approximately 3.5 million. Turnover of food and beverages has continued to be a key growth driver of the business.

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

During the period under review, the contribution from construction business recorded a decrease of 67% as compared to the same period last year. The drop was mainly due to the reduced profit contributions from an associated company and the non-occurrence of exceptional profits from certain construction projects that were recorded in the first half of FY2012. As at 31 December 2012, the gross value of contracts on hand for the construction business was approximately HK\$36.0 billion.

NWSH's transport business reported a stable contribution during the period under review, despite the absence of the non-recurring gain from the disposal of the Macau ferry operations in the first half of FY2012. This was mainly attributable to an increase in fare revenue and advertising income. Fuel costs remained steady due to a fuel cost hedging arrangement.

Tricor recorded a steady growth in its corporate services and investor services businesses during the period under review. It captured about 43% of the total share of new listings in Hong Kong in the first half of FY2013. Its business operations in Hong Kong, Singapore and Mainland China altogether contributed about 75% of the total profit of Tricor during the period under review.

Since its listing, Newton Resources has experienced a number of execution problems which led to the temporary cessation of commercial production. Following prolonged negotiations with the various parties involved and with the support of the local government, these problems were fundamentally resolved and trial production at the mine was commenced in November 2012.

Department Stores

During the first half of FY2013, New World Department Store China Limited ("NWDS") recorded total revenue of HK\$2,028.6 million, an increase of 19.7% year-on-year. Net profit was HK\$331.6 million. If excluding other (losses)/gains and the changes in fair value of investment properties, the core net profit for the period increased 11.6% year-on-year, reached HK\$317.0 million.

Commission income from concessionaire sales was the major income contributor, accounting for 65.6% of the total revenue. Proceeds from direct sales and rental income accounted for 21.5% and 12.2% respectively of the total revenue. The remaining 0.7% was derived from management fees.

Regional-wise, Northern Region contributed the most to NWDS' revenue, amounting to 49.0% of total revenue, followed by the South Eastern Region and the Central Western Region, which accounted for 25.8% and 25.2% of the total revenue respectively.

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

Two new self-owned stores, Yancheng Store and Xian Store, and one managed store, Ningbo Beilun Store, were opened during the period under review.

JOINT GENERAL MANAGERS' REPORT

As at 31 December 2012, NWDS operated and managed a total of 41 stores in Mainland China with total GFA around 1.5 million sq m. In particular, 37 were self-owned stores whilst four were managed stores.

Telecommunications

During the period under review, driven by strong customer growth from the introduction of new device bundles and competitive mobile plans, the revenue of CSL New World Mobility ("CSLNWM") grew by 13.8% to HK\$3,978 million and EBITDA contribution grew by 18.2% to HK\$974 million. As at 31 December 2012, mobile customers of CSLNWM increased by 321,000 to 3.8 million.

In order to offset the downturn in Wholesale IDD business due to the rapid growth in the new-generation communications tools, New World Telecommunications ("NWT") has started to expand customer base coverage in Europe and Middle East Region. Meanwhile, NWT is expanding its Internet Data Centre with an additional floor area of over 20,000 sq ft in the first half of 2013 in response to the growth of market demand.

OUTLOOK

There has been a trend of alleviation in the uncertainties of the global economy. The uncertainties underlying the United States' economy is gradually reducing, while the European sovereign debt crisis is also showing signs of early resolution. China's economic growth was better than expected in the second half of 2012. Major economies have seen smooth transitions in leadership to their new governments. All these have provided rooms of relief from the complicated international conditions.

However, the International Monetary Fund ("IMF") has warned in an earlier occasion that it is difficult to predict whether the debt purchase plan adopted by the European Central Bank ("ECB") will carry on in mid 2013. At the same time, it also expected that the United States will experience a drop in economic growth from 2.3% to 2.0%, and average budget deficit rate and average debt rate of 5.47% and 113.48% are forecasted respectively for the period 2013 to 2016, a substantial increase from the average historical level of 3.06% and 61.03% respectively recorded for the period 1980 to 2007 before the financial crisis.

Shinzo Abe, Japan's Prime Minister, has advocated a policy of "depreciation of Japanese Yen for better economic performance" since he became the Chairman of the Liberal Democratic Party in September 2012. The Bank of Japan has announced earlier that monetary easing measures will start from 2014 for an indefinite period of time by regular monthly purchase of assets. Such measures have caused an immediate drop in the exchange rate of the Japanese Yen against other currencies, and triggered strong responses from different countries. Lagarde, the President of IMF, has expressed competitive currency devaluations are against the principles of the IMF. At the same time, Draghi, President of ECB, has described that the era of independence of central banks has become historical. Central banks might, under pressure from their governments, have no choice but join the war of currency depreciation.

To stabilise the global monetary market, G7 has made its declaration on the issue of exchange rate of its steadfast determination that exchange rates shall be determined by the market. That having said, the depreciation of the Japanese Yen is going to harm the foreign exchange reserves held by countries including China which holds substantial amounts of Japanese Government Bonds, and cause instability in Asian currencies, pushing the world closer towards a currency war and indirectly a new round of trade war.

In 2012, the GDP of China grew 7.8% year-on-year, representing the lowest growth of the country's economy in the past 13 years and signaling the economy's migration to a stage of decelerated growth. On the Central Economic Working Conference held earlier, the Central Government has pointed out the prominent problems of the country's economy, namely a lack of balance, coordination and sustainability; the continued contrast between the downside pressure on economic growth and excessive production capacity; and the potential risks associated with the financial sector.

The change in the external economic environment will affect the economic and social development of Hong Kong. Under the existing conditions, the GDP of Hong Kong in 2012 grew 1% year-on-year, which was basically in line with the expected growth rate of 1% to 2%. Overall export value grew 2.9% year-on-year, while total retail sales grew 9.8% year-on-year. Unemployment rate stood at 3.3%.

Amid to the development of international environment, Hong Kong is expected to face economic challenges ahead. Fortunately the focus of the world economy is gradually shifting to emerging markets and in particular the Asia Pacific Region particularly China. Hong Kong, as the Southern entrance to China, is a point of focus between Eastern and Western economic development. Under the Central Government's encouragement of reform in its economic structure and financial system as well as the transformation of the country's industrial development, 2013 will be a year of opportunities, for which Hong Kong should get well-prepared and fine-tuned so as to serve a crucial role.

For the residential property market, there have been consolidations in transaction volume given the introduction of BSD and amendment of SSD since October 2012. On 22 February 2013, the Government of HKSAR announced two new measures to enhance the demand side management of the property market, in order to reduce the demand of certain home-buyers group to alleviate the imbalance between supply and demand, prevent the risk in the property market and maintain the financial stability in Hong Kong. On the same day, Hong Kong Monetary Authority also announced that revisions would be made to the eligibility criteria for the Mortgage Insurance Programme. Guidelines have also been issued to local banks on a new round of prudential supervisory measures on property mortgage business to strengthen banks' risk management and resilience.

However, market research has shown an ongoing inadequate supply for the next two to three years. It is expected that only 15,500 housing units will be completed in 2013, much lower than the yearly average of 16,700 units recorded for the past 10 years. On demand side, according to "Hong Kong Domestic Household Projections up to 2041" published by the government of Hong Kong, the number of households in Hong Kong will increase from 2.37 million in 2011 to 2.66 million in 2021, with an average annual growth of 29,000 households. The figure does not include the demand arising from upgraders and investors. It is expected that the concrete demand in the residential property market will continue. In addition, Janet Yellen, Vice Chair of the Board of Governors of the United States Federal Reserve System, has in an earlier occasion publicly supported the initiative of stimulating economic recovery with ultra-low interest rate until early 2016, which has provided good economic supporting for property purchasers. The aforesaid factors will create favorable room for development for the residential market of Hong Kong.

For the office market, there have been consolidations in occupancy rate and rental rate for some of the premium office buildings at the waterfront of Central, due to the reorganisation of certain banks and financial institutions under the global economic issues. On the other hand, certain sub-prime commercial areas have seen continual upsurge in rental performance due to cost competitiveness and the shift of capital from the residential property market under the new policies adopted for the property sector.

Notwithstanding the above, with the abandonment of the redevelopment of the old government headquarters in Central due to heritage conservation and the full-scale conservation of Central Wet Market by revitalizing into a leisure spot at the heart of city centre, the scale for development of commercial projects in Central is limited. It is expected that a new round of rental demand will be in the pipeline with such limited new supply, the market's expectation of steady economic development in 2013 and the establishment of presence by enterprises from Mainland China under the "Going Abroad" development initiatives upheld by China.

The continual increase in visitor arrivals in 2012 has brought about development opportunities for the markets of retail properties and hotel development. For the retail property market, retailers' demand for key shopping areas including Central and Tsim Sha Tsui remained strong. Major brands are setting their branches in Hong Kong to leverage upon its strengths in terms of both location and market reach, thereby establishing their brand recognition in the Asia Pacific Region and getting themselves prepared for exploring the huge market of Mainland China. However, the pressure of upsurge in rental rates in core consumption cluster is gradually shifting the attention of tenants towards sub-prime retail districts which have sound potential for development and pedestrian traffic which will be beneficial to their expansions or opening of new stores. This has been contributing to the accretive rental performance of retail properties in transportation hubs including Tsuen Wan, Sha Tin and Sheung Shui and such trend of decentralized development is expected to persist.

JOINT GENERAL MANAGERS' REPORT

Hong Kong's hotel industry experienced sound occupancy and room rate, with the increasing number of visitor arrivals during the period. With rising exchange rates of major currencies against Hong Kong dollars, visitors were more willing to spend in Hong Kong. Consequently, there are increasing visitors from emerging markets to compensate for the shrinking contributions of the local hotel industry in Europe and the US due to the economic performance. In 2012, approximately 48.9% or 23.77 million visitors were overnight visitors, representing an increase of 6.5% year-on-year. The figure depicted that visitors' demand for hotel accommodation remained strong. With the growth in demand for hotel rooms, certain premium hotels were willing to raise their average room rates as a balance to the pressure on customer service delivery exerted by the increased occupancy. It is expected that the overall occupancy and room rate will be reflecting this phenomenon in coming months.

For Mainland property development, a series of austerity measures have been rolled out by the Central Government to curb speculative activities and satisfy the home purchase needs from concrete housing demand. At the same time, affordable housing policies have been introduced to cater for the needs of the underprivileged class and proactively and steadily push forward the progress of urbanisation, aiming to improve the quality of urbanisation. Under the principle of "Making Progress while Maintaining Stability", this is intended to guide the property market towards healthy and steady development. In fact, the people have always been the utmost concerns of the new leaders of the Central Government since the new administration came on stage. The first speech delivered by Xi Jinping, the Secretary General of the Chinese Communist Party, after his appointment, already stated that his "mission would be to work for the better living of the people", embodying the notion of "putting people at first priority, and people's well-being is the root of the nation's well-being". In particular, it was stressed by Mr. Xi that better living conditions and more comfortable environment are what the people would look forward to.

In our property development in Mainland China, we have always sought to stay in line with the nation's development, by providing homes and good living environment for the people and improving and upgrading their living experience. 2013 will be the first year in which the Central Government will be in full gear in practicing the spirit enshrined under the Eighteenth People's Congress, and also an important year in the implementation of the Twelfth Five-year Plan of China. Currently, the real estate sector is in a healthy, orderly and stable development. It is anticipated that the Central Government will continue to uphold its existing policies and maintain the efforts made, thereby avoiding any ripples on the property market to be caused by any change in policies or social conditions. Driven by the core value of "Following the trend and making the best out of it" (因勢利導、順勢而為), the government will take a proactive and prudent approach in guiding the ongoing steady development of the market.

The Group's actual practice in delivering the finest products and the most caring and dedicated services has demonstrated to the public and investors the determination of New World in running good property development business in Hong Kong and articulated its execution capability. "New World, One Step Forward" is the slogan embodying the prudence, professionalism, innovation and decisiveness of our team, which are core of the team's line of thoughts and actions in the property development process and instrumental to the team's commitment to bringing new living experience to home purchasers and the general public. In addition, the launch and development of our property projects are subject to stringent supervision to ensure that things happen at a steady pace, on schedule and in accord to market condition, which in turn will ensure that property development will contribute steadily to the results of operation of the Group.

Among the various projects planned to be launched by the Group, applications for pre-sale consent have been submitted to the relevant government departments in respect of Site C, Austin Station Project in South-west Kowloon; Hung Shui Kiu Project in Yuen Long; "Park Signature" in Lung Tin Tsuen, Yuen Long; and "The Woodsville" in Tai Tao Tsuen, Yuen Long. Together with two urban redevelopment projects which are under non-consent scheme, namely "Eight South Lane" in Kennedy Town and Kwai Fong Street Project in Happy Valley, and a project which has been completed and will be launched, namely "Park Villa", in Tong Yan San Tsuen, Yuen Long, a total attributable of 2,528 residential units from seven projects are soon to be launched to the market, contributing to sustainable residential sales contributions to the Group.

In fact, the Hong Kong section of the Hong Kong-Guangzhou-Shenzhen Express Rail Link connecting Hong Kong to 28 major cities in Mainland China will operate in 2015, and the Hong Kong-Zhuhai-Macao Bridge linking the Pearl River Delta regions even closer will operate in 2016. It will be the key infrastructure to further strengthen Hong Kong's position as Asian's world city. The Group's Austin Station Project in South-west Kowloon, West Rail Tsuen Wan West Station TW6 Project and various clusters of quality living areas in core Yuen Long are going to benefit from such infrastructure development.

In establishing the Group's competitive edge in property development, we won the tenders for two quality projects among other competing developers in September 2012 and January 2013, namely "Sneakers Street" project in Mong Kok and the West Rail Tsuen Wan West Station TW6 Project, providing additional 860,000 sq ft to the Group's attributable landbank which are available for immediate development. In future, we will continue to take a diversified approach in land acquisition, with a mix of redevelopment of old buildings, public auctions/tenders as well as conversion of agricultural land. Through these means, we will be able to maintain a stable level of quality landbank and thus establish a solid foundation for the Group's property development and succeed in the Group's property development business in Hong Kong.

In order to strengthen the profit contributions from the Group's investment property portfolio in Hong Kong, we proactively review our assets and intend to gradually enhance the product quality and service delivery in respect of our investment properties, aiming for better return on assets. Discovery Park Shopping Centre, which is at the prime location in Tsuen Wan, is currently under major renovation works in phases. For New World Tower and Manning House in Central and Pearl City in Causeway Bay, project refinements and quality enhancements are underway in phases as scheduled. The brand-new duplex unit and the brand-new retail unit located at the main lobby of New World Tower have been completed and successfully leased, contributing to addition rental income to the Group.

With respect to property development in Mainland China, NWCL, the Group's flagship enterprise in property development in Mainland China, will focus on the development of its existing landbank, expedite development progress, and respond to market changes by improving production flow, strictly controlling costs and timely adjusting development plans, so as to achieve rapid sales and high turnover. In FY2013, the GFA completed by NWCL is expected to exceed 1.3 million sq m, bringing its business development to a new height.

In 2012, the New World Group achieved satisfactory results in property development. Going forward, we will be prudently confident and humbly proud in our responses to challenges and opportunities. We will dedicate our efforts to our property businesses in Hong Kong and Mainland China, uphold our "New World, One Step Forward" notion, embody the spirit of prioritising customers' experience, and maintain a mindset of brave innovation, with a view to building New World as a renowned brand for superior property development.

Cheng Chi-Kong

Executive Director & Joint General Manager

Chen Guanzhan

Executive Director & Joint General Manager

Hong Kong, 27 February 2013

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

	Note	For the six months ended 31 December	
		2012 HK\$m	2011 HK\$m
Revenues	2	24,455.0	19,103.1
Cost of sales		(14,172.1)	(10,317.1)
Gross profit		10,282.9	8,786.0
Other income		17.7	35.4
Other gains, net		688.2	1,584.7
Selling and marketing expenses		(648.4)	(428.5)
Administrative and other operating expenses		(3,264.7)	(3,016.6)
Changes in fair value of investment properties		5,650.7	1,852.3
Operating profit	3	12,726.4	8,813.3
Financing income		382.2	231.8
Financing costs		(804.4)	(639.5)
		12,304.2	8,405.6
Share of results of			
Jointly controlled entities		1,493.2	948.3
Associated companies		758.1	512.3
Profit before taxation		14,555.5	9,866.2
Taxation	4	(2,215.5)	(2,123.0)
Profit for the period		12,340.0	7,743.2
Attributable to:			
Shareholders of the Company		9,985.9	5,223.8
Non-controlling interests		2,354.1	2,519.4
		12,340.0	7,743.2
Dividend		751.5	610.2
Earnings per share (HK\$)	5		
Basic		1.62	1.11
Diluted		1.58	1.11

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

	For the six months ended 31 December	
	2012 HK\$m	2011 HK\$m
Profit for the period	12,340.0	7,743.2
Other comprehensive income		
Item that will not be reclassified to profit or loss		
Revaluation of property upon reclassification from property, plant and equipment to investment properties	89.2	–
– deferred tax arising from revaluation	(22.3)	–
Items that may be reclassified subsequently to profit or loss		
Fair value changes of available-for-sale financial assets	651.6	(974.7)
– deferred tax arising from fair value changes	(104.5)	58.4
Release of investment revaluation reserve deficit to the income statement upon impairment of available-for-sale financial assets	–	225.0
Release of reserves upon disposal of assets held for sale	(2.4)	(0.5)
Release of reserve upon disposal of available-for-sale financial assets	(182.5)	(17.8)
– reversal of deferred tax thereof	–	0.8
Share of other comprehensive income of jointly controlled entities and associated companies	(113.2)	(680.9)
Cash flow hedges	(29.4)	(66.6)
Translation differences	1,722.0	500.2
Other comprehensive income for the period	2,008.5	(956.1)
Total comprehensive income for the period	14,348.5	6,787.1
Attributable to:		
Shareholders of the Company	11,358.8	4,125.6
Non-controlling interests	2,989.7	2,661.5
	14,348.5	6,787.1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED

	Note	As at 31 December 2012 HK\$m	As at 30 June 2012 HK\$m
ASSETS			
Non-current assets			
Investment properties		68,463.1	60,752.2
Property, plant and equipment		13,743.4	12,275.8
Land use rights		2,392.5	2,363.6
Intangible concession rights	7	16,696.6	16,622.5
Intangible assets	8	4,282.6	4,120.9
Interests in jointly controlled entities		43,381.9	40,776.1
Interests in associated companies		15,992.0	15,211.7
Available-for-sale financial assets		4,491.5	4,470.7
Held-to-maturity investments		39.2	38.5
Financial assets at fair value through profit or loss		1,033.0	1,009.1
Derivative financial instruments		59.0	–
Properties for development		24,052.9	20,929.7
Deferred tax assets		621.1	695.8
Other non-current assets		1,575.7	1,411.5
		196,824.5	180,678.1
Current assets			
Properties under development		45,854.3	44,760.1
Properties held for sale		13,718.4	12,766.2
Inventories		704.2	710.8
Available-for-sale financial assets		583.5	583.5
Debtors and prepayments	9	22,490.8	18,331.2
Financial assets at fair value through profit or loss		230.7	1.5
Derivative financial instruments		–	452.2
Restricted bank balances		81.4	123.7
Cash and bank balances		30,492.0	27,909.7
		114,155.3	105,638.9
Assets held for sale	10	7.8	54.7
		114,163.1	105,693.6
Total assets		310,987.6	286,371.7

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED

	Note	As at 31 December 2012 HK\$m	As at 30 June 2012 HK\$m
EQUITY			
Share capital	11	6,258.0	6,151.1
Reserves		127,461.7	115,669.0
Proposed final dividend		–	1,722.8
Interim dividend		751.5	–
Shareholders' funds		134,471.2	123,542.9
Non-controlling interests		37,272.2	34,497.8
Total equity		171,743.4	158,040.7
LIABILITIES			
Non-current liabilities			
Long-term borrowings	12	73,651.6	67,845.8
Deferred tax liabilities		8,100.5	7,685.7
Derivative financial instruments		1,480.6	1,411.7
Other non-current liabilities		645.5	696.6
		83,878.2	77,639.8
Current liabilities			
Creditors and accrued charges	13	31,587.3	25,273.0
Current portion of long-term borrowings	12	15,803.8	12,391.8
Short-term borrowings	12	3,776.0	8,473.8
Derivative financial instruments		–	533.8
Current tax payable		4,198.9	4,018.8
		55,366.0	50,691.2
Total liabilities		139,244.2	128,331.0
Total equity and liabilities		310,987.6	286,371.7
Net current assets		58,797.1	55,002.4
Total assets less current liabilities		255,621.6	235,680.5

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED

	Six months ended 31 December	
	2012 HK\$m	2011 HK\$m
Net cash generated from/(used in) operating activities	3,274.5	(9,239.0)
Net cash used in investing activities	(4,422.0)	(10,898.0)
Net cash from financing activities	3,244.1	25,928.0
Net increase in cash and cash equivalents	2,096.6	5,791.0
Cash and cash equivalents at beginning of the period	27,344.7	22,964.7
Translation differences	294.6	200.2
Cash and cash equivalents at end of the period	29,735.9	28,955.9
Analysis of cash and cash equivalents:		
Cash at banks and on hand	29,735.9	28,955.9

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

For the six months ended 31 December 2012	Share capital HK\$m	Share premium HK\$m	Retained profits HK\$m	Other reserves HK\$m	Shareholders' funds HK\$m	Non-controlling interests HK\$m	Total HK\$m
As at 1 July 2012	6,151.1	40,714.0	63,162.5	13,515.3	123,542.9	34,497.8	158,040.7
Comprehensive income							
Profit for the period	–	–	9,985.9	–	9,985.9	2,354.1	12,340.0
Other comprehensive income							
Fair value changes of available-for-sale financial assets, net of taxation	–	–	–	547.1	547.1	–	547.1
Revaluation of property upon reclassification from property, plant and equipment to investment properties, net of taxation	–	–	–	48.4	48.4	18.5	66.9
Release of reserves upon disposal of assets held for sale	–	–	–	(1.5)	(1.5)	(0.9)	(2.4)
Release of reserve upon disposal of available-for-sale financial assets	–	–	–	(182.5)	(182.5)	–	(182.5)
Share of other comprehensive income of jointly controlled entities and associated companies	–	–	–	(159.4)	(159.4)	46.2	(113.2)
Cash flow hedges	–	–	–	(17.9)	(17.9)	(11.5)	(29.4)
Translation differences	–	–	–	1,138.7	1,138.7	583.3	1,722.0
Other comprehensive income for the period	–	–	–	1,372.9	1,372.9	635.6	2,008.5
Total comprehensive income for the period	–	–	9,985.9	1,372.9	11,358.8	2,989.7	14,348.5
Transactions with owners							
Contributions by/(distributions to) owners							
Dividend	–	–	(1,723.7)	–	(1,723.7)	(505.6)	(2,229.3)
Issue of new shares upon exercise of share options	5.1	44.3	–	–	49.4	–	49.4
Issue of new shares as scrip dividend	101.8	1,084.1	–	–	1,185.9	–	1,185.9
Employees' share-based payments	–	–	–	68.6	68.6	2.3	70.9
Share options lapsed	–	–	11.4	(11.4)	–	–	–
Transfer of reserves	–	–	(27.8)	27.8	–	–	–
Contribution from non-controlling interests	–	–	–	–	–	24.7	24.7
	106.9	1,128.4	(1,740.1)	85.0	(419.8)	(478.6)	(898.4)
Changes in ownership interests in subsidiaries							
Previously held as jointly controlled entity upon further acquisition as a subsidiary	–	–	–	–	–	139.7	139.7
Acquisition of additional interests in subsidiaries	–	–	11.6	–	11.6	(29.0)	(17.4)
Deemed disposal of interests in subsidiaries	–	–	(22.3)	–	(22.3)	152.6	130.3
	–	–	(10.7)	–	(10.7)	263.3	252.6
Total transactions with owners	106.9	1,128.4	(1,750.8)	85.0	(430.5)	(215.3)	(645.8)
As at 31 December 2012	6,258.0	41,842.4	71,397.6	14,973.2	134,471.2	37,272.2	171,743.4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

For the six months ended 31 December 2011	Share capital HK\$m	Share premium HK\$m	Retained profits HK\$m	Other reserves HK\$m	Shareholders' funds HK\$m	Non-controlling interests HK\$m	Total HK\$m
As at 1 July 2011	3,990.1	30,556.7	53,960.2	15,273.4	103,780.4	30,588.2	134,368.6
Comprehensive income							
Profit for the period	–	–	5,223.8	–	5,223.8	2,519.4	7,743.2
Other comprehensive income							
Fair value changes of available-for-sale financial assets, net of taxation	–	–	–	(788.7)	(788.7)	(127.6)	(916.3)
Release of investment revaluation deficit to the income statement upon impairment of available-for-sale financial assets	–	–	–	146.8	146.8	78.2	225.0
Release of reserve upon disposal of assets held for sale	–	–	–	(0.3)	(0.3)	(0.2)	(0.5)
Release of reserve upon disposal of available-for-sale financial assets, net of taxation	–	–	–	(13.0)	(13.0)	(4.0)	(17.0)
Share of other comprehensive income of jointly controlled entities and associated companies	–	–	–	(751.2)	(751.2)	70.3	(680.9)
Cash flow hedges	–	–	–	(40.2)	(40.2)	(26.4)	(66.6)
Translation differences	–	–	–	348.4	348.4	151.8	500.2
Other comprehensive income for the period	–	–	–	(1,098.2)	(1,098.2)	142.1	(956.1)
Total comprehensive income for the period	–	–	5,223.8	(1,098.2)	4,125.6	2,661.5	6,787.1
Transactions with owners							
Contributions by/(distributions to) owners							
Dividend	–	–	(1,117.2)	–	(1,117.2)	(572.0)	(1,689.2)
Contributions from non-controlling interests	–	–	–	–	–	1,182.2	1,182.2
Issue of new shares as scrip dividend	116.9	616.1	–	–	733.0	–	733.0
Issue of right shares	1,995.1	9,161.0	–	–	11,156.1	–	11,156.1
Employees' share-based payments	–	–	–	6.7	6.7	2.9	9.6
Transfer of reserves	–	–	(26.6)	26.6	–	–	–
	2,112.0	9,777.1	(1,143.8)	33.3	10,778.6	613.1	11,391.7
Change in ownership interests in subsidiaries							
Acquisition of additional interests in subsidiaries	–	–	47.3	–	47.3	432.1	479.4
Deemed disposal of interests in subsidiaries	–	–	(34.5)	–	(34.5)	48.6	14.1
Derecognition of non-controlling interests of Newton Resources	–	–	–	45.9	45.9	(946.2)	(900.3)
	–	–	12.8	45.9	58.7	(465.5)	(406.8)
Total transactions with owners	2,112.0	9,777.1	(1,131.0)	79.2	10,837.3	147.6	10,984.9
As at 31 December 2011	6,102.1	40,333.8	58,053.0	14,254.4	118,743.3	33,397.3	152,140.6

NOTES TO CONDENSED ACCOUNTS**1. BASIS OF PREPARATION**

The unaudited condensed consolidated interim financial statements (the “interim financial statements”) 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 2012 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 2012 except for the adoption of the amendment to standard, which is further explained below.

(a) Adoption of amendment to standard

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

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
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The adoption of this amendment to standard does not have any significant effect on the results and financial position of the Group.

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

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

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

NOTES TO CONDENSED ACCOUNTS

1. BASIS OF PREPARATION *(continued)***(b) Standards, amendments and interpretation which are not yet effective** *(continued)*

The Group has already commenced an assessment of the impact of these new or revised standards, amendments 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 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	
	2012 HK\$m	2011 HK\$m
Revenues		
Property sales	12,751.5	7,759.3
Rental	1,068.2	951.7
Contracting	1,173.4	1,842.6
Provision of services	3,796.8	3,699.3
Infrastructure operations	1,178.6	838.2
Hotel operations	1,874.0	1,809.6
Department store operations	2,029.9	1,678.7
Telecommunication services	390.8	364.6
Others	191.8	159.1
Total	24,455.0	19,103.1

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

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

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

NOTES TO CONDENSED ACCOUNTS

2. REVENUES AND SEGMENT INFORMATION (continued)

	Property Development HK\$m	Property Investment HK\$m	Service HK\$m	Infrastructure HK\$m	Hotel Operations HK\$m	Department Stores HK\$m	Telecom- munications HK\$m	Others HK\$m	Consolidated HK\$m
For the six months ended 31 December 2012									
Total revenues	12,751.5	1,184.0	7,141.1	1,178.6	1,874.0	2,029.9	414.7	191.8	26,765.6
Inter-segment	-	(115.8)	(2,170.9)	-	-	-	(23.9)	-	(2,310.6)
Revenues-external	12,751.5	1,068.2	4,970.2	1,178.6	1,874.0	2,029.9	390.8	191.8	24,455.0
Segment results	4,234.0	708.4	660.9	609.2	325.5	361.1	4.0	(28.2)	6,874.9
Other gains, net									688.2
Changes in fair value of investment properties									5,650.7
Unallocated corporate expenses									(487.4)
Operating profit									12,726.4
Financing income									382.2
Financing costs									(804.4)
									12,304.2
Share of results of									
Jointly controlled entities	(82.8)	621.7	38.7	695.3	14.1	-	-	206.2	1,493.2
Associated companies	64.7	386.4	182.2	(2.6)	(3.2)	-	121.2	9.4	758.1
Profit before taxation									14,555.5
Taxation									(2,215.5)
Profit for the period									12,340.0
As at 31 December 2012									
Segment assets	98,027.1	64,318.6	10,338.5	17,460.3	10,665.4	9,654.4	921.8	8,974.1	220,360.2
Interests in jointly controlled entities	8,393.0	12,074.1	3,770.3	16,975.9	1,005.4	-	-	1,163.2	43,381.9
Interests in associated companies	681.9	3,383.5	7,982.2	1,415.5	103.6	-	2,279.0	146.3	15,992.0
Unallocated assets									31,253.5
Total assets									310,987.6
Segment liabilities	18,861.4	691.8	3,752.2	505.1	852.6	5,688.9	236.2	1,644.6	32,232.8
Unallocated liabilities									107,011.4
Total liabilities									139,244.2
For the six months ended 31 December 2012									
Additions to non-current assets (Note a)	4,654.0	1,455.9	71.9	3.8	658.0	115.5	69.9	7.9	7,036.9
Depreciation and amortisation	30.1	11.3	65.8	345.6	205.6	188.4	22.1	8.8	877.7
Impairment charge and provision	-	-	-	-	-	-	-	0.2	0.2

NOTES TO CONDENSED ACCOUNTS

2. REVENUES AND SEGMENT INFORMATION (continued)

	Property Development HK\$m	Property Investment HK\$m	Service HK\$m	Infrastructure HK\$m	Hotel Operations HK\$m	Department Stores HK\$m	Telecom- munications HK\$m	Others HK\$m	Consolidated HK\$m
For the six months ended 31 December 2011									
Total revenues	7,759.3	1,042.8	6,347.9	838.2	1,809.6	1,678.7	393.2	159.1	20,028.8
Inter-segment	-	(91.1)	(806.0)	-	-	-	(28.6)	-	(925.7)
Revenues-external	7,759.3	951.7	5,541.9	838.2	1,809.6	1,678.7	364.6	159.1	19,103.1
Segment results	3,246.5	520.7	817.2	454.7	330.9	369.3	1.3	(41.4)	5,699.2
Other gains, net									1,584.7
Changes in fair value of investment properties									1,852.3
Unallocated corporate expenses									(322.9)
Operating profit									8,813.3
Financing income									231.8
Financing costs									(639.5)
									8,405.6
Share of results of									
Jointly controlled entities	3.5	269.4	(113.5)	787.4	(1.0)	-	-	2.5	948.3
Associated companies	12.5	133.9	228.5	50.0	(2.7)	-	80.3	9.8	512.3
Profit before taxation									9,866.2
Taxation									(2,123.0)
Profit for the period									7,743.2
As at 30 June 2012									
Segment assets	89,336.9	57,199.9	12,705.1	17,035.2	9,555.2	8,481.5	619.9	6,268.8	201,202.5
Interests in jointly controlled entities	8,716.0	9,670.5	3,491.7	16,169.5	1,300.4	-	-	1,428.0	40,776.1
Interests in associated companies	449.8	3,020.4	7,825.2	1,413.1	108.4	-	2,266.0	128.8	15,211.7
Unallocated assets									29,181.4
Total assets									286,371.7
Segment liabilities	14,420.5	1,010.6	3,973.8	455.8	571.8	4,272.9	270.9	993.3	25,969.6
Unallocated liabilities									102,361.4
Total liabilities									128,331.0
For the six months ended 31 December 2011									
Additions to non-current assets (Note a)	9,924.0	2,530.0	218.3	16,220.7	2,116.6	188.2	50.1	10.3	31,258.2
Depreciation and amortisation	28.5	12.8	60.4	220.9	203.4	175.1	19.4	9.3	729.8
Impairment charge and provision	0.6	-	-	-	-	-	-	244.6	245.2

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

NOTES TO CONDENSED ACCOUNTS

2. REVENUES AND SEGMENT INFORMATION (continued)

	Revenues for the six months ended 31 December 2012 HK\$m	Non-current assets (Note b) as at 31 December 2012 HK\$m
Hong Kong	14,682.9	61,498.7
Mainland China	9,667.3	67,813.7
Others	104.8	318.7
	24,455.0	129,631.1
	Revenues for the six months ended 31 December 2011 HK\$m	Non-current assets (Note b) as at 30 June 2012 HK\$m
Hong Kong	9,127.5	54,097.9
Mainland China	9,849.5	62,682.4
Others	126.1	284.4
	19,103.1	117,064.7

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

3. OPERATING PROFIT

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

	For the six months ended 31 December	
	2012 HK\$m	2011 HK\$m
Other investment income	17.7	35.4
Gain on deemed disposal of interest in a subsidiary	–	1,842.7
Net profit/(loss) on disposal/settlement of		
Available-for-sale financial assets and a derivative financial instrument	194.9	6.4
Subsidiaries	(18.8)	18.2
Net loss on fair value of financial assets at fair value through profit or loss	(127.1)	(506.1)
Cost of inventories sold	(5,316.6)	(5,214.0)
Depreciation and amortisation	(877.7)	(729.8)
Impairment charge on assets	(0.2)	(245.2)

NOTES TO CONDENSED ACCOUNTS

4. TAXATION

	For the six months ended 31 December	
	2012 HK\$m	2011 HK\$m
Current taxation		
Hong Kong profits tax	625.0	325.1
Mainland China and overseas taxation	979.0	592.0
Mainland China land appreciation tax	378.0	1,140.5
Deferred taxation	233.5	65.4
	2,215.5	2,123.0

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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, jointly controlled entities and associated companies operate. These rates range from 9% to 25% (2011: 9% to 25%).

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2011: 30% to 60%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

Share of results of jointly controlled entities and associated companies is stated after deducting the share of taxation of jointly controlled entities and associated companies of HK\$360.8 million and HK\$60.5 million (2011: HK\$364.1 million and HK\$23.0 million) respectively.

NOTES TO CONDENSED ACCOUNTS

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	
	2012 HK\$m	2011 HK\$m
Profit attributable to shareholders of the Company	9,985.9	5,223.8
Effect of dilutive potential ordinary shares in respect of convertible bonds issued by a subsidiary:		
Interest expense	174.3	–
Adjustment on the effect of dilution in the results of subsidiaries	–	(0.1)
Profit for calculating diluted earnings per share	10,160.2	5,223.7

	Number of shares (million) for the six months ended 31 December	
	2012	2011
Weighted average number of shares for calculating basic earnings per share	6,159.3	4,701.1
Effect of dilutive potential ordinary shares upon the conversion of convertible bonds and exercise of share options	265.0	–
Weighted average number of shares for calculating diluted earnings per share	6,424.3	4,701.1

Diluted earnings per share for the six months ended 31 December 2011 did not assume the conversion of convertible bonds and the exercise of share options outstanding during the period since their conversion and exercise would have an anti-dilutive effect.

6. CAPITAL EXPENDITURE

For the six months ended 31 December 2012, the Group has acquired investment properties, property, plant and equipment, intangible concession rights and intangible assets of HK\$2,758.7 million (2011: HK\$21,229.3 million). The Group has disposed of investment properties, land use rights and property, plant and equipment of net book value of HK\$105.3 million (2011: HK\$1,012.7 million).

7. INTANGIBLE CONCESSION RIGHTS

	HK\$m
Net book value as at 1 July 2012	16,622.5
Additions	0.8
Translation differences	414.5
Amortisation	(341.2)
Net book value as at 31 December 2012	16,696.6

NOTES TO CONDENSED ACCOUNTS

8. INTANGIBLE ASSETS

	Goodwill HK\$m	Trademarks HK\$m	Hotel management contracts HK\$m	Process, technology and know-how HK\$m	Customer relationships HK\$m	Operating right HK\$m	Total HK\$m
Net book value as at 1 July 2012	2,076.6	614.9	408.5	35.3	519.8	465.8	4,120.9
Translation differences	33.7	–	–	–	–	–	33.7
Acquisition of additional interests in subsidiaries	28.8	–	–	–	–	–	28.8
Acquisition of subsidiaries	141.0	–	–	–	–	–	141.0
Amortisation	–	–	(10.7)	(1.9)	(13.6)	(15.6)	(41.8)
Net book value as at 31 December 2012	2,280.1	614.9	397.8	33.4	506.2	450.2	4,282.6

9. TRADE DEBTORS

Aging analysis of trade debtors is as follows:

	As at 31 December 2012 HK\$m	As at 30 June 2012 HK\$m
Current to 30 days	2,529.8	1,873.0
31 to 60 days	1,038.6	341.4
Over 60 days	1,254.3	829.1
	4,822.7	3,043.5

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

10. ASSETS HELD FOR SALE

	As at 31 December 2012 HK\$m	As at 30 June 2012 HK\$m
Listed securities		
Equity securities listed in Hong Kong	7.8	7.8
Equity securities listed in Mainland China	–	46.9
	7.8	54.7

NOTES TO CONDENSED ACCOUNTS

11. SHARE CAPITAL

	As at 31 December 2012		As at 30 June 2012	
	Number of shares (million)	HK\$m	Number of shares (million)	HK\$m
Authorised:				
Shares of HK\$1.00 each	10,000.0	10,000.0	10,000.0	10,000.0
Issued and fully paid:				
Shares of HK\$1.00 each				
At beginning of the period	6,151.1	6,151.1	3,990.1	3,990.1
Issue of new shares upon exercise of share options	5.1	5.1	–	–
Issue of new shares as scrip dividends (Note a)	101.8	101.8	165.9	165.9
Issue of rights shares (Note b)	–	–	1,995.1	1,995.1
At end of the period	6,258.0	6,258.0	6,151.1	6,151.1

Notes:

a. Issued of new shares as scrip dividends

During the period, 101,819,889 new shares were issued at HK\$11.647 per share for the settlement of 2012 final scrip dividend.

b. Issue of rights shares

During the fiscal year 2012, 1,995,062,501 new shares of HK\$1.00 each were issued and allotted under the rights issue at the subscription price of HK\$5.68 each by way of rights on the basis of one rights share for every two shares held by the shareholders on 28 October 2011.

c. Share option scheme

A share option scheme was adopted by the Company on 24 November 2006 (the "Scheme") which will be valid and effective for a period of ten years from the date of adoption. On 19 March 2007, 136,450,000 share options were granted by the Company to Directors and certain eligible participants at the exercise price of HK\$17.756 per share, which was lapsed on 19 March 2012.

On 13 March 2012, certain rules of the Scheme was amended. Under the Scheme, the Board may, at their discretion, grant options to any participants (as defined under the Scheme) to subscribe for the shares in the Company.

On 19 March 2012, 26,825,000 share options were granted by the Company to Directors and certain eligible participants at an initial price of HK\$9.77 per share, subject to adjustments.

The number of outstanding share options at 31 December 2012 was 23,936,557 and the number of share options granted and exercised for the six months ended 31 December 2012 was 2,350,000 and 5,055,066 respectively. The number of share options lapsed was 144. As a result of scrip dividend during the period, the number of share options was adjusted by an increase of 13,291 and the exercise price of share options was adjusted to HK\$9.764.

NOTES TO CONDENSED ACCOUNTS

12. BORROWINGS

	As at 31 December 2012 HK\$m	As at 30 June 2012 HK\$m
Long-term borrowings		
Secured bank loans	30,994.3	28,673.8
Unsecured bank loans	34,295.6	28,117.8
Convertible bonds	7,082.7	6,873.9
Fixed rate bonds	16,985.3	16,429.2
Loans from non-controlling shareholders	97.5	142.9
	89,455.4	80,237.6
Current portion of long-term borrowings	(15,803.8)	(12,391.8)
	73,651.6	67,845.8
Short-term borrowings		
Secured bank loans	258.8	4,046.0
Unsecured bank loans	774.2	1,664.0
Other unsecured loans	5.0	5.0
Loans from non-controlling shareholders	2,738.0	2,758.8
	3,776.0	8,473.8
Current portion of long-term borrowings	15,803.8	12,391.8
	19,579.8	20,865.6
Total borrowings	93,231.4	88,711.4

13. TRADE CREDITORS

Aging analysis of trade creditors is as follows:

	As at 31 December 2012 HK\$m	As at 30 June 2012 HK\$m
Current to 30 days	7,432.0	5,767.9
31 to 60 days	1,176.0	832.2
Over 60 days	998.6	1,169.8
	9,606.6	7,769.9

NOTES TO CONDENSED ACCOUNTS

14. COMMITMENTS

	As at 31 December 2012 HK\$m	As at 30 June 2012 HK\$m
Contracted but not provided for		
Property, plant and equipment	2,453.4	1,153.8
Investment properties under development	1,571.3	4,484.7
Jointly controlled entities	271.3	915.0
Other investments	59.3	56.6
	4,355.3	6,610.1
Authorised but not contracted for		
Property, plant and equipment	189.5	412.9
Intangible concession right	–	15.3
Capital contribution for proposed investments	1,888.7	7.2
	2,078.2	435.4
The Group's share of capital commitments of the jointly controlled entities not included above are as follows:		
Contracted but not provided for	817.2	911.3
Authorised but not contracted for	870.9	817.5
	1,688.1	1,728.8

NOTES TO CONDENSED ACCOUNTS

15. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEE CONTRACTS

	As at 31 December 2012 HK\$m	As at 30 June 2012 HK\$m
The Group's financial guarantee contracts are as follows:		
Mortgage facilities for certain purchasers of properties	1,769.8	1,557.7
Guarantees for credit facilities granted to		
Jointly controlled entities	6,753.9	7,190.3
Associated companies	330.2	96.4
Investee companies included under available-for-sale financial assets	111.7	111.7
Indemnity to non-wholly owned subsidiaries for Mainland China tax liabilities	1,853.2	1,856.0
	10,818.8	10,812.1
The Group's share of contingent liabilities of jointly controlled entities and an associated company not included above are as follows:		
Share of contingent liabilities of jointly controlled entities	20.3	14.7
Share of contingent liabilities of an associated company	57.6	–
	77.9	14.7

The Group is in dispute with a joint venture partner in respect of certain property development projects in Mainland China and the parties have taken legal actions against each other in Hong Kong. No statement of claims setting out details of the claims against the Group has been filed. The Group expects that there will not be a material adverse impact on the financial position of the Group.

16. SUBSEQUENT EVENT

On 25 February 2013, NWS Holdings Limited ("NWSH"), an indirect non-wholly owned subsidiary, announced that the NWSH group had entered into a conditional agreement (the "Agreement") with certain port investors in Xiamen to establish a joint venture company (the "JV Company") in the People's Republic of China by way of injecting their respective port investments in Xiamen. Pursuant to the Agreement, the NWSH group will inject its 50% interest in Xiamen New World Xiangyu Terminals Co., Ltd. ("NWX Terminal", a jointly controlled entity of NWSH) into the JV Company. The NWSH group has also committed to dispose (the "Trend Wood Disposal") of its 100% interest in Trend Wood Investments Limited ("Trend Wood", a wholly owned subsidiary of NWSH which owns 46% interest in Xiamen Haicang Xinhaida Container Terminals Company Limited (a jointly controlled entity of NWSH)) to the JV Company after its establishment (the "JV Establishment") at a cash consideration of approximately RMB369.86 million (equivalent to approximately HK\$462.33 million). The disposal proceeds will be utilised in full by the NWSH group for the capital injection to the JV Company.

After the JV Establishment and completion of the Trend Wood Disposal, the NWSH group will hold 13.8% interest in the JV Company. Assuming these transactions had been completed on 31 December 2012, the board of NWSH estimates that it would result in a gain of approximately HK\$0.6 billion to the NWSH group. Such gain does not take into account the change in the carrying value of the NWSH group's interest in NWXY Terminal and Trend Wood as a result of the profit or loss of NWXY Terminal and Trend Wood for the period from 1 January 2013 to the date of JV Establishment and completion of the Trend Wood Disposal. A call option was also granted to the NWSH group to acquire an additional 6.2% interest in the JV Company which will be exercisable for a period of three years from the JV Establishment. If such call option is exercised by the NWSH group, its interest in the JV Company will be increased to 20%.

17. RELATED PARTY TRANSACTIONS

In addition to those already disclosed in other sections of this interim report, the following is a summary of a significant related party transactions during the period which were carried out in the normal course of the Group's business:

	For the six months ended 31 December	
	2012 HK\$m	2011 HK\$m
Transactions with jointly controlled entities and associated companies		
Interest income	84.8	67.7
Rental expenses	148.3	118.6
Provision of contracting work service	187.6	433.6
Trademark fee income	22.1	79.1
Transactions with other related parties		
Rental income	56.1	51.4
Other service fee income	61.3	50.5
Accounts payable	28.7	64.4

These related party transactions were conducted in accordance with the terms as disclosed in the last annual report.

No significant transactions have been entered with the Directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel compensation).

LIQUIDITY AND CAPITAL RESOURCES**NET DEBT**

	As at 31 December 2012 HK\$m	As at 30 June 2012 HK\$m
Consolidated net debt	59,822.5	57,773.4
NWSH (stock code: 0659)	12,207.8	12,280.1
NWCL (stock code: 0917)	16,205.7	12,997.0
NWDS – net cash and bank balances (stock code: 0825)	(3,985.2)	(2,613.3)
Net debt (exclude listed subsidiaries)	35,394.2	35,109.6

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 2012, the Group had outstanding floating-to-fixed interest rate swap contracts and derivative instruments in the aggregate amount of HK\$5,800.0 million and US\$600.0 million (equivalent to approximately HK\$4,680.0 million) respectively.

As at 31 December 2012, the Group had outstanding cross currency swap contracts in the amounts of RMB1,000.0 million (equivalent to approximately HK\$1,250.0 million).

As at 31 December 2012, the Group's cash and bank balances stood at HK\$30,573.4 million (30 June 2012: HK\$28,036.3 million) and the consolidated net debt amounted to HK\$59,822.5 million (30 June 2012: HK\$57,773.4 million). The net debt to equity ratio was 34.8%, a decrease of 1.8% as compared to 30 June 2012.

As at 31 December 2012, the Group's long-term bank loans, fixed rate bonds and convertible bonds amounted to HK\$89,357.9 million. Short-term bank and other loans as at 31 December 2012 were HK\$1,038.0 million. The maturity of long-term bank loans, fixed rate bonds and convertible bonds as at 31 December 2012 is as follows:

	HK\$m
Within one year	15,803.8
In the second year	17,813.2
In the third to fifth year	44,803.9
After the fifth year	10,937.0
	89,357.9

Equity of the Group as at 31 December 2012 increased to HK\$171,743.4 million against HK\$158,040.7 million as at 30 June 2012.

OTHER INFORMATION**DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES**

At 31 December 2012, the Group had given financial assistance and guarantees to its jointly controlled entities and associated companies (collectively "affiliated companies") as set out below:

	As at 31 December 2012 HK\$m	As at 30 June 2012 HK\$m
Amounts due by affiliated companies	14,725.8	13,937.9
Guarantees given for affiliated companies in respect of banking and other credit facilities	7,084.1	7,286.7
Commitments to capital injections and loan contributions	2,288.0	1,183.4
	24,097.9	22,408.0

- (a) The advances were unsecured and are interest free except for an aggregate amount of HK\$4,983.5 million (30 June 2012: HK\$5,068.7 million) which carried interest ranging from 0.875% above HIBOR to People's Bank of China two-year benchmark lending rate with 15% premium per annum (30 June 2012: 0.875% above HIBOR to People's Bank of China two-year benchmark lending rate with 15% premium per annum). The advances had no fixed repayment terms.
- (b) Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31 December 2012 are presented as follows:

	Combined statement of financial position HK\$m	Group's attributable interests HK\$m
Non-current assets	72,355.1	37,468.0
Current assets	37,473.9	16,473.1
Current liabilities	(27,383.6)	(15,538.9)
Total assets less current liabilities	82,445.4	38,402.2
Non-current liabilities	(35,342.2)	(19,164.8)
Net assets	47,103.2	19,237.4

The combined statement of financial position of the affiliated companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 31 December 2012.

INTERIM DIVIDEND

The Board has declared an interim dividend for the financial year ending 30 June 2013 in scrip form equivalent to HK\$0.12 per share with a cash option to shareholders registered on 25 March 2013.

Subject to the Listing Committee of the Hong Kong Stock Exchange granting listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholder could elect to receive in cash and that shareholders be given the option to elect to receive payment in cash of HK\$0.12 per share instead of the allotment of shares. Full details of the interim scrip dividend will be set out in a letter to be sent to shareholders together with a form of election for cash on or about 12 April 2013. It is expected that certificates for the scrip shares and dividend warrants will be posted to shareholders on or before 22 May 2013.

OTHER INFORMATION**BOOK CLOSE DATES**

Book close dates (both days inclusive)	:	19 March 2013 to 25 March 2013
Latest time to lodge transfer with Share Registrar	:	4:30pm on Monday, 18 March 2013
Address of Share Registrar	:	Tricor Tengis Limited 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the six months ended 31 December 2012. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 31 December 2012.

REVIEW OF INTERIM RESULTS

The Company's unaudited interim results for the six months ended 31 December 2012 have not been reviewed by external auditors, 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 2012, with the exception of code provisions A.6.4, A.6.7 and E.1.2.

Code provision A.6.4 of the CG Code – guidelines for securities dealings by relevant employees

As required under code provision A.6.4 of the CG Code, the Board should establish 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 for relevant employees in respect of their dealings in the securities of the Company. The Board has established guidelines for employees in respect of their dealings in the securities of the Company but they are not on no less exacting terms than the Model Code. Such deviation from the CG Code is mainly because the Company currently has over 47,000 employees and operates in diversified businesses, it will cause immense administrative burden for processing written notifications from the relevant employees by the Company if it shall follow the exact guidelines of the Model Code.

Code provision A.6.7 of the CG Code – attendance of non-executive directors at general meetings

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

Code provision E.1.2 of the CG Code – attendance of chairman of the Board at annual general meeting

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of the Model Code. Having made specific enquiry of all Directors, the Directors of the Company confirmed that they have complied with the required standard set out in the Model Code during the six months ended 31 December 2012.

OTHER INFORMATION**UPDATE ON DIRECTORS' INFORMATION**

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors of the Company since the date of the Company's 2012 Annual Report are set out below:

1. Mr. Yeung Ping-Leung, Howard and Mr. Liang Cheung-Biu, Thomas were re-designated as independent non-executive directors of Miramar Hotel and Investment Company, Limited, a listed public company in Hong Kong, with effect from 6 December 2012.
2. Mr. Cha Mou-Zing, Victor retired as member of the Chinese People's Political Consultative Committee of Zhejiang Province effective from January 2013.
3. Mr. Lee Luen-Wai, John retired as a member of the Hospital Authority and the Chairman of its Finance Committee with effect from 1 December 2012 and retired as a member of Non-local Higher and Professional Educational Appeal Board with effect from 8 December 2012.
4. Ms. Ki Man-Fung, Leonie ceased to be a court and council member of Lingnan University, and a member of the Sports Commission of Hong Kong and the Career Advisory Board of The University of Hong Kong in October 2012, December 2012 and January 2013 respectively. Also, Ms. Ki was appointed as the vice chairman of UNICEF Hong Kong Committee and a council member of The University of Hong Kong in September 2012 and December 2012 respectively. In addition, Ms. Ki was appointed as a committee member of the Twelfth Chinese People's Political Consultative Conference effective in March 2013.
5. Ms. Cheng Chi-Man, Sonia was appointed as a member of the Eleventh Guizhou Municipal Committee of The Chinese People's Political Consultative Conference during the period.

INVESTOR RELATIONS

The Group values good investor relations and has been committed to maintaining effective communication with investors. We have always offered in a high level of transparency and strived to ensure shareholders' comprehensive and thorough understanding of the Group. We have actively participated in different forums and overseas road-shows, and conducted numerous site visits and meetings with the investment community for effective communication.

CORPORATE SUSTAINABILITY

The Group has always been committed to participating in community affairs and caring for the people in need. As a responsible corporate citizen, the Group always cares for the community we serve and respects the environment we live in. Therefore, the Group has actively supported various community events, promoted exchange between Hong Kong and Mainland China, and formed corporate volunteer teams to provide services for the needy. The Group has also been devoted to nurturing professional and energetic staff with commitment and pride, and targeted to build a better society through innovation and sustainable growth.

The Company and several of its group companies have been devoted to corporate sustainability and awarded the Caring Company Logo by the Hong Kong Council of Social Service, recognising their outstanding performance in implementing corporate social services.

EMPLOYEES AND REMUNERATION POLICIES

The Group has over 47,000 employees as at 31 December 2012 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.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2012, the interests of the Directors and their associates in shares, underlying shares and debentures of the Company or any of its associated corporations which were recorded in the register required to be kept by the Company under Section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

(A) Long position in shares

	Number of shares			Total	Approximate % of shareholding
	Personal interests	Spouse interests	Corporate interests		
New World Development Company Limited (Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	–	450,000	–	450,000	0.01
Mr. Ho Hau-Hay, Hamilton	–	–	658,765 ⁽¹⁾	658,765	0.01
Mr. Liang Cheung-Biu, Thomas	7,822	–	–	7,822	0.00
Ms. Ki Man-Fung, Leonie	90,000	–	–	90,000	0.00
Dragon Fortune Limited (Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-Shing, Peter	–	–	15,869 ⁽²⁾	15,869	27.41
Mega Choice Holdings Limited (in liquidation) (Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	–	–	420,585,070 ⁽³⁾	420,585,070	34.61
New World China Land Limited (Ordinary shares of HK\$0.10 each)					
Dr. Cheng Kar-Shun, Henry	29,985,826	4,387,500	117,610,200 ⁽⁴⁾	151,983,526	1.75
Mr. Lee Luen-Wai, John	387,448	–	–	387,448	0.00
Ms. Ki Man-Fung, Leonie	45,000	–	–	45,000	0.00
Ms. Cheng Chi-Man, Sonia	168,400	–	–	168,400	0.00
New World Department Store China Limited (Ordinary shares of HK\$0.10 each)					
Ms. Ki Man-Fung, Leonie	20,000	–	–	20,000	0.00
Ms. Cheng Chi-Man, Sonia	92,000	–	–	92,000	0.01
NWS Holdings Limited (Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	18,349,571	–	12,000,000 ⁽⁴⁾	30,349,571	0.83
Mr. Liang Chong-Hou, David	261	–	–	261	0.00
Mr. Cheng Kar-Shing, Peter	256,600	–	5,181,079 ⁽⁵⁾	5,437,679	0.15
Ms. Ki Man-Fung, Leonie	15,000	–	–	15,000	0.00
Sun City Holdings Limited (Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-Shing, Peter	–	80,000	3,570,000 ⁽⁶⁾	3,650,000	45.63
Sun Legend Investments Limited (Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-Shing, Peter	–	–	500 ⁽⁷⁾	500	50.00

OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES (continued)**(A) Long position in shares** (continued)

Notes:

- (1) These shares are beneficially-owned by a company in which Mr. Ho Hau-Hay, Hamilton owns 40.0% of its issued share capital.
- (2) 4,102 shares are held by a company wholly-owned by Mr. Cheng Kar-Shing, Peter and 11,767 shares are held by Sun City Holdings Limited ("Sun City"), of which Mr. Cheng Kar-Shing, Peter is deemed to be interested in 45.63% of its issued share capital.
- (3) These shares are beneficially-owned by companies which are wholly-owned by Dr. Cheng Kar-Shun, Henry.
- (4) These shares are beneficially-owned by a company which is wholly-owned by Dr. Cheng Kar-Shun, Henry.
- (5) These shares are beneficially-owned by a company which is wholly-owned by Mr. Cheng Kar-Shing, Peter.
- (6) These shares are held by a company of which Mr. Cheng Kar-Shing, Peter has an indirect interest of 49.58%.
- (7) Mr. Cheng Kar-Shing, Peter is deemed to be interested in these shares by virtue of his interests in Sun City.

(B) Long position in underlying shares – share options

During the six months ended 31 December 2012, certain Directors of the Company have interests in share options to subscribe for shares in the Company and certain of its subsidiaries. Details of such interests and movement of share options granted by the Company and its subsidiaries under their respective share option schemes are shown below.

(1) Long position in underlying shares of the Company – share options**Share options granted to Directors of the Company**

Name	Date of grant	Exercisable period (Note)	Number of share options			Balance as at 31 December 2012	Exercise price per share ⁽²⁾ HK\$
			Balance as at 1 July 2012	Exercised during the period	Adjusted during the period ⁽²⁾		
Dr. Cheng Kar-Shun, Henry	19 March 2012	(1)	10,001,320	–	5,575	10,006,895	9.764
Mr. Cheng Chi-Kong, Adrian	19 March 2012	(1)	3,500,462	–	1,951	3,502,413	9.764
Mr. Chen Guanzhan	19 March 2012	(1)	3,500,462	–	1,951	3,502,413	9.764
Mr. Liang Chong-Hou, David	19 March 2012	(1)	500,066	–	278	500,344	9.764
Mr. Yeung Ping-Leung, Howard	19 March 2012	(1)	500,066	–	278	500,344	9.764
Mr. Cha Mou-Sing, Payson	19 March 2012	(1)	500,066	–	278	500,344	9.764
Mr. Cheng Kar-Shing, Peter	19 March 2012	(1)	500,066	–	278	500,344	9.764
Mr. Ho Hau-Hay, Hamilton	19 March 2012	(1)	500,066	–	278	500,344	9.764
Mr. Lee Luen-Wai, John	19 March 2012	(1)	500,066	–	278	500,344	9.764
Mr. Liang Cheung-Biu, Thomas	19 March 2012	(1)	500,066	–	278	500,344	9.764
Ms. Ki Man-Fung, Leonie	19 March 2012	(1)	3,000,396	–	1,672	3,002,068	9.764
Mr. Cheng Chi-Heng	19 March 2012	(1)	500,066	–	278	500,344	9.764
Ms. Cheng Chi-Man, Sonia	19 March 2012	(1)	3,000,396	–	1,672	3,002,068	9.764
			27,003,564	–	15,045	27,018,609	

Notes:

- (1) Divided into 4 tranches exercisable from 19 March 2012, 19 March 2013, 19 March 2014 and 19 March 2015 respectively to 18 March 2016.
- (2) The Company declared final dividend for the year ended 30 June 2012 in scrip form (with cash option) during the period. Accordingly, adjustments were made to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$9.769 to HK\$9.764 on 31 December 2012.
- (3) The cash consideration paid by each Director for the grant of share options is HK\$10.0.

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DIRECTORS' INTERESTS IN SECURITIES (continued)**(B) Long position in underlying shares – share options** (continued)**(1) Long position in underlying shares of the Company – share options** (continued)**Share options granted to other eligible participants**

Date of grant	Exercisable Period (Note)	Number of share options					Balance as at 31 December 2012	Exercise price per share ⁽⁴⁾ HK\$
		Balance as at 1 July 2012	Granted during the period	Exercised during the period ⁽³⁾	Adjusted during the period ⁽⁴⁾	Lapsed during the period		
19 March 2012	(1)	79,510,471	–	(5,055,066)	38,808	(4,800,778)	69,693,435	9.764
16 November 2012	(2)	–	9,400,000	–	5,238	–	9,405,238	11.989
		79,510,471	9,400,000	(5,055,066)	44,046	(4,800,778)	79,098,673	

Notes:

- (1) Divided into 4 tranches exercisable from 19 March 2012, 19 March 2013, 19 March 2014 and 19 March 2015 respectively to 18 March 2016.
- (2) Divided into 4 tranches exercisable from 16 November 2012, 16 November 2013, 16 November 2014 and 16 November 2015 respectively to 15 November 2016.
- (3) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$11.799.
- (4) The Company declared final dividend for the year ended 30 June 2012 in scrip form (with cash option) during the period. Accordingly, adjustments were made to the number of outstanding share options and the exercise price. The exercise price per share of the share options granted on 19 March 2012 was adjusted from HK\$9.769 to HK\$9.764 on 31 December 2012. The exercise price per share of the share options granted on 16 November 2012 was adjusted from HK\$11.996 to HK\$11.989 on 31 December 2012.
- (5) The cash consideration paid by each participant for the grant of share options is HK\$10.0.

The fair value of the share options granted during the period with exercise price per share of HK\$11.996 (adjusted to HK\$11.989) is estimated at HK\$3.082 using the Binomial pricing model. Value is estimated based on the risk-free rate at 0.199% per annum with reference to the market yield rates of the Hong Kong Government Bond (maturing 6 December 2016) as of the value date, a historical volatility of 42.86% calculated based on the historical price with period equals to the life of the options, assuming dividend yield of 3.05% based on the average dividend yield in the past five years and an expected option life of four years.

The Binomial pricing model requires input of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

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DIRECTORS' INTERESTS IN SECURITIES (continued)**(B) Long position in underlying shares – share options** (continued)**(2) Long position in underlying shares of New World China Land Limited (“NWCL”) – share options**

On 26 November 2002, NWCL adopted a share option scheme (“NWCL 2002 Share Option Scheme”) pursuant to which employees, including directors of NWCL and its subsidiaries (“NWCL Group”), were given opportunity to obtain equity holdings in NWCL. In anticipation of the expiry of the NWCL 2002 Share Option Scheme, NWCL adopted a new share option scheme (“NWCL 2011 Share Option Scheme”) at the annual general meeting of NWCL held on 22 November 2011 and terminated the operation of the NWCL 2002 Share Option Scheme. Any share options which were granted under the NWCL 2002 Share Option Scheme prior to such termination shall continue to be valid and exercisable in accordance with the terms of the NWCL 2002 Share Option Scheme.

Details of movement of share options granted under the NWCL 2002 Share Option Scheme and the NWCL 2011 Share Option Scheme during the six months ended 31 December 2012 are as follows:

Share options granted to Directors of the Company

NWCL 2002 Share Option Scheme

Name	Date of grant	Exercisable period (Note)	Number of share options			Exercise price per share HK\$
			Balance as at 1 July 2012	Exercised during the period	Balance as at 31 December 2012	
Dr. Cheng Kar-Shun, Henry	29 December 2008	(1)	1,860,826	(1,860,826) ⁽⁵⁾	–	1.290
	18 January 2011	(2)	2,077,922	–	2,077,922	3.036
Mr. Cheng Kar-Shing, Peter	29 December 2008	(1)	755,961	–	755,961	1.290
	18 January 2011	(2)	831,169	–	831,169	3.036
Mr. Lee Luen-Wai, John	29 December 2008	(1)	88,048	(88,048) ⁽⁶⁾	–	1.290
	18 January 2011	(2)	311,688	–	311,688	3.036
Mr. Cheng Chi-Kong, Adrian	29 December 2008	(3)	350,425	–	350,425	1.290
	18 January 2011	(2)	1,558,442	–	1,558,442	3.036
Ms. Cheng Chi-Man, Sonia	29 December 2008	(4)	785,269	–	785,269	1.290
			8,619,750	(1,948,874)	6,670,876	

Notes:

- (1) Divided into 4 tranches exercisable from 30 January 2009, 30 January 2010, 30 January 2011 and 30 January 2012, respectively to 29 January 2013.
- (2) Divided into 5 tranches exercisable from 19 February 2011, 19 February 2012, 19 February 2013, 19 February 2014 and 19 February 2015, respectively to 18 February 2016.
- (3) Divided into 2 tranches exercisable from 30 January 2011 and 30 January 2012, respectively to 29 January 2013.
- (4) Divided into 5 tranches exercisable from 30 January 2009, 30 January 2010, 30 January 2011, 30 January 2012 and 30 January 2013, respectively to 29 January 2014.
- (5) The exercise date was 12 November 2012. On the trading date immediately before the exercise date, the closing price per share was HK\$3.80.
- (6) The exercise date was 8 November 2012. On the trading date immediately before the exercise date, the closing price per share was HK\$3.89.
- (7) The cash consideration paid by each of the above Directors for each grant of share options is HK\$10.0.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES (continued)**(B) Long position in underlying shares – share options** (continued)**(2) Long position in underlying shares of New World China Land Limited (“NWCL”) – share options** (continued)**Share options granted to other eligible participants**

NWCL 2002 Share Option Scheme

Date of grant	Number of share options ⁽¹⁾			Balance as at 31 December 2012	Exercise price per share HK\$
	Balance as at 1 July 2012	Exercised during the period ⁽⁴⁾	Lapsed during the period		
14 June 2007 to 11 July 2007	1,156,968	–	(1,156,968)	–	5.769
17 October 2007 to 13 November 2007	976,002	–	(976,002)	–	6.939
28 December 2007 to 24 January 2008	858,305	–	–	858,305	5.994
22 April 2008 to 19 May 2008	480,557	–	(57,685)	422,872	4.523
31 July 2008 to 27 August 2008	222,369	(150,000)	–	72,369	3.148
12 November 2008 to 9 December 2008	452,933	(292,000)	–	160,933	1.447
2 December 2008 to 29 December 2008	5,219,154 ⁽²⁾	(4,772,510)	–	446,644	1.290
2 December 2008 to 29 December 2008	533,668	(80,000)	(11,443)	442,225	1.290
3 February 2009 to 2 March 2009	335,532	(59,218)	–	276,314	1.703
26 June 2009 to 23 July 2009	3,130,605	–	–	3,130,605	3.913
19 November 2009 to 16 December 2009	2,306,493	(310,000)	–	1,996,493	2.953
12 January 2010 to 2 February 2010	3,840,914	(752,000)	(253,589)	2,835,325	2.878
18 May 2010 to 14 June 2010	487,750	(160,000)	–	327,750	2.262
31 May 2010 to 25 June 2010	820,597	(248,000)	–	572,597	2.349
10 November 2010 to 7 December 2010	3,768,103	(590,000)	(459,143)	2,718,960	3.013
18 January 2011 to 14 February 2011	9,215,376	(24,000)	–	9,191,376	3.036
3 May 2011 to 30 May 2011	1,400,935	(300,550)	–	1,100,385	2.753
26 July 2011 to 22 August 2011	1,633,662	(186,000)	–	1,447,662	2.705
	36,839,923	(7,924,278)	(2,914,830)	26,000,815	

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DIRECTORS' INTERESTS IN SECURITIES (continued)**(B) Long position in underlying shares – share options** (continued)**(2) Long position in underlying shares of New World China Land Limited (“NWCL”) – share options** (continued)**Share options granted to other eligible participants** (continued)

NWCL 2011 Share Option Scheme

Date of grant	Number of share options ⁽¹⁾			Balance as at 31 December 2012	Exercise price per share HK\$
	Balance as at 1 July 2012	Granted during the period ⁽³⁾	Exercised during the period ⁽⁴⁾		
3 May 2012 to 30 May 2012	8,098,600	–	(545,920)	7,552,680	2.45
22 October 2012 to 16 November 2012	–	722,000	–	722,000	3.37
	8,098,600	722,000	(545,920)	8,274,680	

Notes:

- (1) The share options are exercisable within five years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary years, except otherwise specified in note 2.
- (2) The share options are exercisable within four years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 25.0% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary year.
- (3) The closing price per share immediately before 22 October 2012, the date of offer to grant, was HK\$3.33.
- (4) The weighted average closing price of the shares immediately before the dates on which share options were exercised under the NWCL 2002 Share Option Scheme and the NWCL 2011 Share Option Scheme was HK\$3.53 and HK\$3.56, respectively.
- (5) The cash consideration paid by each eligible participant for each grant of share options is HK\$10.0.

The fair value of the share options granted during the period with exercise price per share of HK\$3.37 is estimated at HK\$1.25 using the Binomial pricing model. Value is estimated based on the risk-free rate at 0.34% per annum with reference to the rate prevailing on the Exchange Fund Notes, a 5.08-year period historical volatility of 54.7%, assuming dividend yield of 2.63% and an expected option life of 5 years.

The Binomial pricing model requires input of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

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DIRECTORS' INTERESTS IN SECURITIES (continued)**(B) Long position in underlying shares – share options** (continued)**(3) Long position in underlying shares of NWSH Holdings Limited (“NWSH”) – share options**

NWSH adopted a new share option scheme (“NWSH 2011 Share Option Scheme”) on 21 November 2011. No share option has been granted under the NWSH 2011 Share Option Scheme since its adoption.

The share option scheme adopted by NWSH on 6 December 2001 (the “NWSH 2001 Share Option scheme”), certain rules of which were amended on 12 March 2003 and 24 November 2006, expired on 6 December 2011. Share options granted under the NWSH 2001 Share Option Scheme prior to its expiry shall continue to be valid and exercisable pursuant to the rules of the NWSH 2001 Share Option Scheme. Details of movement of share options granted under the NWSH 2001 Share Option Scheme during the six months ended 31 December 2012 are as follows:

Share options granted to Directors of the Company

NWSH 2001 Share Option Scheme

Name	Date of grant	Exercisable period (Note)	Number of share options			Exercise price per share HK\$
			Balance as at 1 July 2012	Exercised during the period	Balance as at 31 December 2012	
Dr. Cheng Kar-Shun, Henry	21 August 2007	(1)	4,580,773	(4,580,773) ⁽²⁾	–	10.609

Notes:

- (1) 40.0% of the share options are exercisable from 21 August 2008 to 20 August 2012 while the remaining 60.0% of the share options are divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011 respectively to 20 August 2012.
- (2) The exercise date was 20 August 2012. On the trading date immediately before the exercise date, the closing price per share was HK\$12.0.
- (3) The cash consideration paid by the above Director for the grant of share options is HK\$10.0.

Share options granted to other eligible participants

NWSH 2001 Share Option Scheme

Date of grant	Exercisable period (Note)	Number of share options			Balance as at 31 December 2012	Exercise price per share HK\$
		Balance as at 1 July 2012	Exercised during the period ⁽²⁾	Lapsed during the period		
21 August 2007	(1)	8,606,156	(5,968,518)	(2,637,638)	–	10.609
28 January 2008	(1)	1,068,824	–	(1,068,824)	–	13.490
		9,674,980	(5,968,518)	(3,706,462)	–	

Notes:

- (1) 40.0% of the share options are exercisable from 21 August 2008 to 20 August 2012 while the remaining 60.0% of the share options are divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011 respectively to 20 August 2012.
- (2) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$11.876.
- (3) The cash consideration paid by each eligible participant for each grant of share options is HK\$10.0.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES (continued)**(B) Long position in underlying shares – share options** (continued)**(4) Long position in underlying shares of New World Department Store China Limited – share options****Share options granted to Directors of the Company**

Name	Date of grant	Exercisable period (Note)	Number of share options			Exercise price per share HK\$
			Balance as at 1 July 2012	Exercised during the period	Balance as at 31 December 2012	
Dr. Cheng Kar-Shun, Henry	27 November 2007	(1)	1,000,000	–	1,000,000	8.66
Mr. Cheng Chi-Kong, Adrian	27 November 2007	(1)	500,000	–	500,000	8.66
			1,500,000	–	1,500,000	

Notes:

- (1) Divided into 5 tranches exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012 respectively to 26 November 2013, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (2) The cash consideration paid by each of the above Directors for the grant of share options is HK\$1.0.

Share options granted to other eligible participants

Date of grant	Exercisable period (Note)	Number of share options			Balance as at 31 December 2012	Exercise price per share HK\$
		Balance as at 1 July 2012	Exercised during the period	Lapsed during the period		
27 November 2007	(1)	12,083,000	–	(1,144,000)	10,939,000	8.66
25 March 2008	(2)	2,529,000	–	(280,000)	2,249,000	8.44
		14,612,000	–	(1,424,000)	13,188,000	

Notes:

- (1) Divided into 5 tranches exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012 respectively to 26 November 2013, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (2) Divided into 5 tranches exercisable from 25 March 2009, 25 March 2010, 25 March 2011, 25 March 2012 and 25 March 2013 respectively to 24 March 2014, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (3) The cash consideration paid by each eligible participant for each grant of share option is HK\$1.0.

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DIRECTORS' INTERESTS IN SECURITIES (continued)**(C) Long position in debentures****Fita International Limited ("Fita")**

Name	Amount of debentures in USD issued by Fita				Approximate % to the total amount of debentures in issue as at 31 December 2012
	Personal interests	Family interests	Corporate interests	Total	
Mr. Lee Luen-Wai, John	1,000,000	1,000,000	–	2,000,000	0.27

Save as disclosed above, as at 31 December 2012, none of the Directors, chief executive or any of their associates had or deemed to have any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2012, the interests or short positions of substantial shareholders (as defined in the Listing Rules) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in shares

Name	Number of shares held			Approximate % of shareholding
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTFH") ⁽¹⁾	–	2,569,423,013	2,569,423,013	41.06
Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II") ⁽²⁾	–	2,569,423,013	2,569,423,013	41.06
Chow Tai Fook Capital Limited ("CTFC") ⁽³⁾	–	2,569,423,013	2,569,423,013	41.06
Chow Tai Fook (Holding) Limited ("CTFHL") ⁽⁴⁾	–	2,569,423,013	2,569,423,013	41.06
Chow Tai Fook Enterprises Limited ("CTF") ⁽⁵⁾	2,336,516,714	232,906,299	2,569,423,013	41.06

Notes:

- (1) CYTFH holds 48.98% direct interest in CTFC and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (2) CYTFH-II holds 46.65% direct interest in CTFC and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (3) CTFC holds 74.07% direct interest in CTFHL and is accordingly deemed to have an interest in the shares deemed to be interested by CTFHL.
- (4) CTFHL holds 100% direct interest in CTF and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF.
- (5) CTF together with its subsidiaries.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 31 December 2012.

CORPORATE INFORMATION**EMERITUS CHAIRMAN**

Dato' Dr. Cheng Yu-Tung

BOARD OF DIRECTORS**Executive Directors**

Dr. Cheng Kar-Shun, Henry (*Chairman*)
Mr. Cheng Chi-Kong, Adrian (*Joint General Manager*)
Mr. Chen Guanzhan (*Joint General Manager*)
Ms. Ki Man-Fung, Leonie JP
Mr. Cheng Chi-Heng
Ms. Cheng Chi-Man, Sonia

Non-Executive Directors

Mr. Liang Chong-Hou, David
Mr. Cheng Kar-Shing, Peter

Independent Non-Executive Directors

Mr. Yeung Ping-Leung, Howard
Mr. Cha Mou-Sing, Payson JP
Mr. Cha Mou-Zing, Victor (*alternate director to
Mr. Cha Mou-Sing, Payson*)
Mr. Ho Hau-Hay, Hamilton
Mr. Lee Luen-Wai, John JP
Mr. Liang Cheung-Biu, Thomas

COMPANY SECRETARY

Mr. Wong Man-Hoi

AUDITOR

PricewaterhouseCoopers

SOLICITORS

Woo, Kwan, Lee & Lo
Kao, Lee & Yip
Vincent T.K. Cheung, Yap & Co
Lu, Lai & Li
Eversheds

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F., Tesbury Centre,
28 Queen's Road East,
Wanchai,
Hong Kong

REGISTERED OFFICE

30/F., New World Tower,
18 Queen's Road Central, Hong Kong
Tel: (852) 2523 1056
Fax: (852) 2810 4673

PRINCIPAL BANKERS

Bank of China (Hong Kong)
Bank of Communications
Bank of East Asia
China Merchants Bank
Citibank N.A.
DBS Bank
Hang Seng Bank
Industrial and Commercial Bank of China (Asia) Ltd.
Nanyang Commercial Bank
Sumitomo Mitsui Banking Corporation
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ

STOCK CODE

Hong Kong Stock Exchange 0017
Reuters 0017.HK
Bloomberg 17 HK

INFORMATION FOR INVESTORS

For more information about the Group,
please contact the Investor Relations Department at:
New World Development Company Limited
30/F., New World Tower,
18 Queen's Road Central,
Hong Kong
Tel: (852) 2523 1056
Fax: (852) 2810 4673
e-mail: ir@nwd.com.hk

WEBSITE

www.nwd.com.hk

Chinese Version

The Chinese version of this Interim Report is available on request from New World Development Company Limited. Where the English and the Chinese texts conflict, the English text prevails.



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New World Development Company Limited takes every practicable measure to conserve resources and minimise waste.

