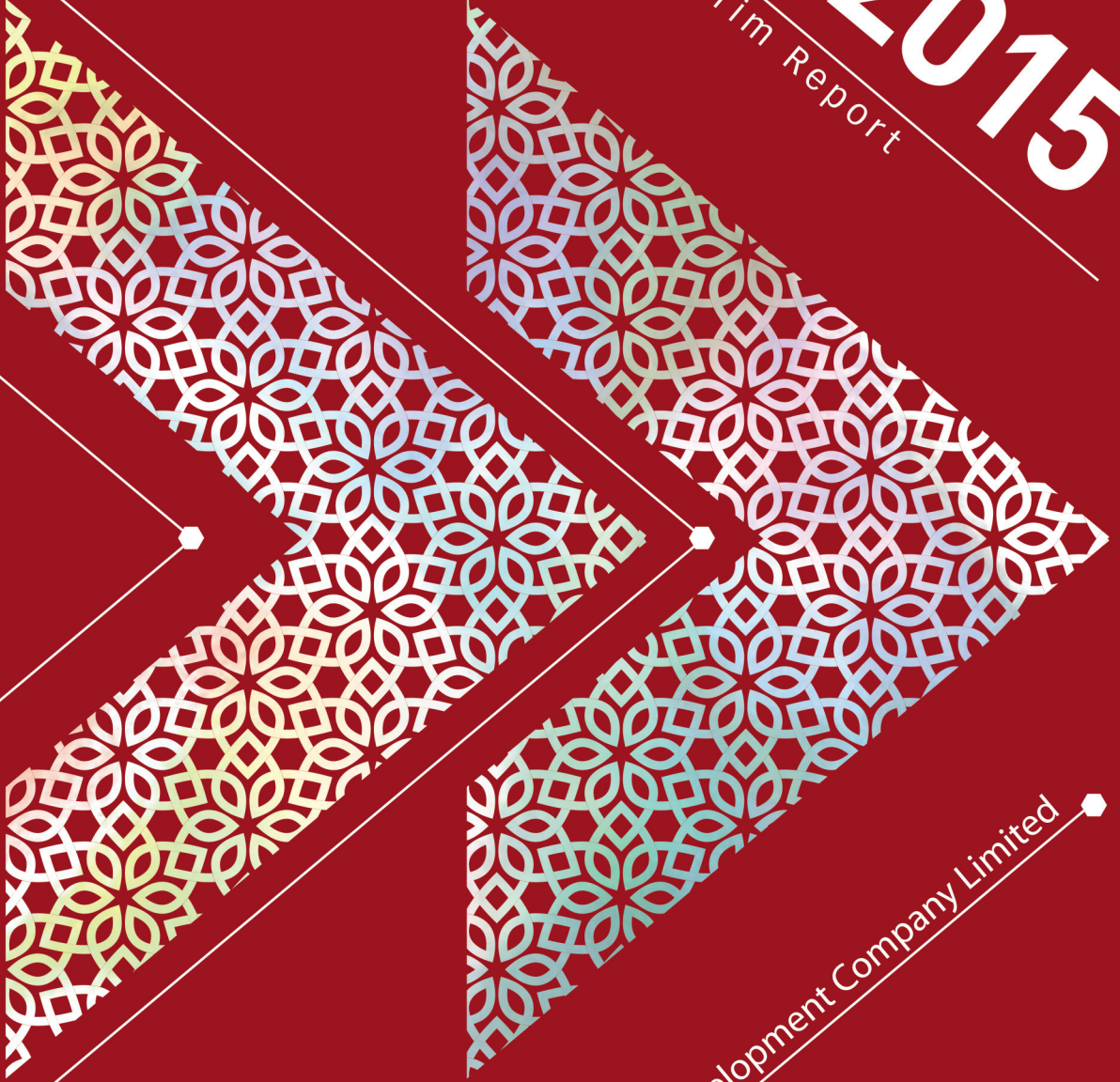


# 2014/2015

Interim Report



New World Development Company Limited  
(Stock Code: 0017)

**ONE STEP FORWARD**  
**WE CREATE NEW LIVING EXPERIENCE**

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## FINANCIAL HIGHLIGHTS

|   | <b>Unaudited</b>                |           | Change<br>% |
|---|---------------------------------|-----------|-------------|
|   | <b>For the six months ended</b> |           |             |
|   | <b>31 December</b>              | 2013      |             |
|   | <b>2014</b>                     | HK\$m     |             |
|   | <b>HK\$m</b>                    |           |             |
| Revenues  | <b>26,986.3</b>                 | 27,180.2  | (0.7)       |
| Total segment results, including share of results of joint ventures and associated companies <sup>(1)</sup> | <b>7,778.9</b>                  | 9,115.2   | (14.7)      |
| Other gains, net  | <b>425.9</b>                    | 1,284.2   | (66.8)      |
| Changes in fair value of investment properties  | <b>1,811.3</b>                  | 440.2     | 311.5       |
| Profit attributable to shareholders of the Company  | <b>5,854.6</b>                  | 4,529.2   | 29.3        |
| Underlying profit   | <b>4,408.2</b>                  | 4,207.5   | 4.8         |
|   |                                 |           |             |
|   | <b>As at</b>                    | As at     |             |
|   | <b>31 December</b>              | 30 June   |             |
|   | <b>2014</b>                     | 2014      |             |
|   | <b>HK\$m</b>                    | HK\$m     |             |
| Cash and bank balances  | <b>63,362.9</b>                 | 61,823.2  |             |
| Net debt <sup>(2)</sup>   | <b>54,327.5</b>                 | 54,738.8  |             |
| Total equity  | <b>208,405.4</b>                | 200,276.5 |             |
| Gearing ratio <sup>(3)</sup>  | <b>26.1%</b>                    | 27.3%     |             |

(1) Excluding changes in fair value of investment properties (net of taxation) of joint ventures and associated companies

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

(3) Net debt divided by total equity

# CHAIRMAN'S STATEMENT

## To Our Shareholders,

During the official national visits of Chinese President Xi Jinping in China in May 2014, he pinpointed that China is still in a significant period of strategic opportunity; that we must boost our confidence, adapt to the new norms based on the characteristics of China's economic growth in the current phase and stay cool-minded strategically; and that China should also adopt great significance to preventing diversified risks for its economy and take timely countermeasures to reduce potential negative effects. Adaptation to the new norms, as introduced by President Xi for the first time, has become a hot topic in the market.

Some three decades of reforms have witnessed the historic progress made in the uplifting of China's productivity, comprehensive national power and people's livelihood, the transformation of China's state of affairs, has led to key changes in the risks, both at home and abroad, and difficulties to which China has been exposed. President Xi pointed to the precise identification of and proactive adaptation to the new norms of economic development, namely getting used to domestic and international changes and making judgements in the course of identifying the characteristics of the different phases of China's economic development. Such precise identification will better align subjective ideals with objective reality and enable the formulation of guiding principles based on actual situations.

For business management, a fundamental concept supporting the perpetual existence and successful breakthrough of an enterprise is to understand the current conditions, plan for the future, formulate policies and foster development from an objective base point attending to the emergence of changes in the general conditions and new characteristics incidental to each phase of development. An entrepreneur can succeed by constantly contemplating how to understand, adapt, grasp and align with the new norms in the industry and in the current state of affairs.

Since its inception in 1970, New World Development has been confronted with opportunities and challenges for more than four decades. Nevertheless, the Group managed to make progress and sustain its innovations and development, thanks to its cohesive team that has leveraged its own strengths and brought the New World brand to new heights by comprehending the latest development from an objective base point, adopting timely measures to minimise risks, and thoroughly understanding the needs of stakeholders.

In property sales, for instance, riding on its sound sales performance in recent years, the Group launched two key premium residential projects namely "Grand Austin" and "THE PAVILIA HILL" in 2014, winning positive market responses and attaining satisfactory sales figures. In response to home buyers' pursuit of unique tastes of living, bespoke product designs and artisanal elements are the key principles that the management has put tremendous focuses in developing "THE PAVILIA HILL", exemplifying the tastes and atmosphere embraced by the project and exposing customers to art and nature in their daily lives.

Whilst external economic changes might have rippled the current state of affairs, the key point is for an enterprise to grasp the nature of the new changes and act boldly in accordance with pre-determined principles and the objective reality of the current circumstances. The core "One Step Forward" notion of New World articulates the Group's readiness, resolution and stamina for embracing challenges. Adhering to its creative and flexible mindset, the Group will work on the sound brand name of New World and maximises the interests of our stakeholders.

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

*Chairman*

27 February 2015

# JOINT GENERAL MANAGERS' REPORT

## Business Review

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

## Hong Kong Property Sales

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

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

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

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

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

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

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

"THE CLEARWATER BAY", which is another key project of the Group in Clear Water Bay Road, will provide 680 residential units offering a blended mix of layouts. This luxury hillside project is found to be rare besides the ones at the Peak, it is expected to draw strong interest from the market.

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

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

The Group's residential properties sales recorded during the period from 1 July 2014 to 31 December 2014:

| Name of project |                            | Source of land               | Attributable to the Group | Residential units sold |
|-----------------|----------------------------|------------------------------|---------------------------|------------------------|
| 1.              | Double Cove Starview Prime | Agricultural land conversion | 32%                       | 596                    |
| 2.              | Park Signature             | Agricultural land conversion | 100%                      | 277                    |
| 3.              | Grand Austin               | Public Tender                | 50%                       | 273                    |
| 4.              | THE PAVILIA HILL           | Old building acquisition     | 85%                       | 269                    |
| 5.              | The Reach                  | Agricultural land conversion | 21%                       | 239                    |
| 6.              | EIGHT SOUTH LANE           | Old building acquisition     | 100%                      | 69                     |
| 7.              | Double Cove                | Agricultural land conversion | 32%                       | 61                     |
| 8.              | The Woodsville             | Agricultural land conversion | 100%                      | 11                     |
| 9.              | Other residential projects | –                            | –                         | 19                     |
| <b>Total</b>    |                            |                              |                           | <b>1,814</b>           |

\* Source: Government website/Company data

## JOINT GENERAL MANAGERS' REPORT

### Hong Kong Landbank

The Group has made use of multiple channels to replenish its landbank. Apart from public auction and tender, the Group has also pursued diversified means for development, including old building acquisition as well as agricultural land conversion. It is by such long-term strategic planning in land acquisitions that a stable supply of land will be available to the Group for property development in the long run.

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

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

Acquisition of over 80% ownership of 4A-4P Seymour Road in Mid-Levels has been completed under a joint-development urban redevelopment project that the Group has 35% stake. The site area is 52,466 sq ft. With reference to the government's latest city planning, the expected attributable GFA of this project upon redevelopment is approximately 165,300 sq ft. Proceeding to the court for compulsory sale under the "Land (Compulsory Sale for Redevelopment) Ordinance" will be in progress.

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

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

| <b>Landbank by location</b> | <b>Attributable<br/>GFA<br/>(sq ft)</b> |
|-----------------------------|---|
| Hong Kong Island            | 1,308,250                               |
| Kowloon                     | 3,504,763                               |
| New Territories             | 4,438,700                               |
| <b>Total</b>                | <b>9,251,713</b>                        |



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

### Rental Operations

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

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

In the first half of FY2015, the Group's gross rental income in Hong Kong amounted to HK\$723.2 million. The year-on-year drop of rental income was mainly due to the resumption of the underground retail space at 12 Salisbury Road Tsim Sha Tsui (previously named as "SOGO Tsim Sha Tsui") on 14 February 2014 for alterations and the overhaul of Discovery Park Shopping Centre in Tsuen Wan. If stripping out the effect of the abovementioned two projects, the Group's gross rental income in Hong Kong would be up 3% year-on-year. All major properties of the Group's investment properties portfolio attained satisfactory occupancy.

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

## JOINT GENERAL MANAGERS' REPORT

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

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

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

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

### Hotel Operations

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

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

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

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

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

### **Mainland China Properties**

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

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

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

The opening of Shanghai K11 Art Mall has stimulated the patronage, occupancy and enhances the rental performance of Shanghai Hong Kong New World Tower. Furthermore, positive rental reversion has been achieved for Wuhan New World International Trade Tower upon tenancy renewal. The abovementioned factors have provided upside support to NWCL's rental businesses in Mainland China.

## JOINT GENERAL MANAGERS' REPORT

### Infrastructure

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

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

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

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

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

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

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

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

### Service

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

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

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

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

### Department Stores

For New World Department Store China Limited ("NWDS"), commission income from concessionaire sales was the major income contributor, accounting for 63.7% of the total revenue. Proceeds from direct sales and rental income accounted for 18.4% and 15.7% respectively of the total revenue. The remaining 2.2% was derived from management and consultancy fees. Regional-wise, Northern China Region contributed the most to the revenue of NWDS, amounting to 50.1% of total revenue, followed by the South Eastern China Region and the Central Western China Region, which accounted for 30.7% and 19.2% of the total revenue respectively.

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

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

### Outlook

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

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

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

## JOINT GENERAL MANAGERS' REPORT

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

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

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

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

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

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

The Group has adhered to its “邁步向前 • One Step Forward” spirit in building the New World brand and dedicated its efforts to its property businesses in Hong Kong. With premium product quality, unique designs of originality, meticulous services, and the use of creation and technology, the Group has provided the best living experience to home purchasers. Meanwhile, the availability of stable capital generated from core business operations makes it possible to solidify the foundation of the Group’s business development and further expand the Group’s premium brand.

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

**Dr. Cheng Chi-Kong, Adrian**

*Executive Director and Joint General Manager*

**Mr. Chen Guanzhan**

*Executive Director and Joint General Manager*

27 February 2015

## CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

For the six months ended 31 December 2014

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



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

For the six months ended 31 December 2014

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED

As at 31 December 2014

|   | Note | As at<br>31 December<br>2014<br>HK\$m | As at<br>30 June<br>2014<br>HK\$m |
|---|------|---------------------------------------|-----------------------------------|
| <b>ASSETS</b>   |      |                                       |                                   |
| <b>Non-current assets</b>                             |      |                                       |                                   |
| Investment properties                                 |      | 82,963.2                              | 77,384.6                          |
| Property, plant and equipment                         |      | 19,907.0                              | 18,290.8                          |
| Land use rights                                       |      | 2,421.9                               | 2,374.7                           |
| Intangible concession rights                          | 8    | 15,411.4                              | 15,584.4                          |
| Intangible assets                                     | 9    | 4,580.9                               | 4,662.5                           |
| Interests in joint ventures                           |      | 45,379.5                              | 45,748.2                          |
| Interests in associated companies                     |      | 17,296.1                              | 16,994.0                          |
| Available-for-sale financial assets                   |      | 4,454.3                               | 4,729.4                           |
| Held-to-maturity investments                          |      | 40.9                                  | 40.9                              |
| Financial assets at fair value through profit or loss |      | 916.4                                 | 607.6                             |
| Derivative financial instruments                      |      | 39.5                                  | 39.5                              |
| Properties for development                            |      | 23,927.1                              | 25,242.5                          |
| Deferred tax assets                                   |      | 903.4                                 | 764.7                             |
| Other non-current assets                              |      | 1,449.2                               | 1,572.5                           |
|   |      | <b>219,690.8</b>                      | 214,036.3                         |
| <b>Current assets</b>                                 |      |                                       |                                   |
| Properties under development                          |      | 49,594.8                              | 48,713.4                          |
| Properties held for sale                              |      | 22,658.2                              | 20,266.7                          |
| Inventories   |      | 625.2                                 | 561.0                             |
| Debtors and prepayments                               | 10   | 22,493.0                              | 23,258.1                          |
| Financial assets at fair value through profit or loss |      | 0.4                                   | 0.6                               |
| Derivative financial instruments                      |      | 26.7                                  | 45.1                              |
| Restricted bank balances                              |      | 99.3                                  | 97.4                              |
| Cash and bank balances                                |      | 63,263.6                              | 61,725.8                          |
|   |      | <b>158,761.2</b>                      | 154,668.1                         |
| Non-current assets classified as assets held for sale | 11   | 7.8                                   | 523.0                             |
|   |      | <b>158,769.0</b>                      | 155,191.1                         |
| <b>Total assets</b>                                   |      | <b>378,459.8</b>                      | 369,227.4                         |

|  | Note | As at<br>31 December<br>2014<br>HK\$m | As at<br>30 June<br>2014<br>HK\$m |
|--|------|---------------------------------------|-----------------------------------|
| <b>EQUITY</b>                                |      |                                       |                                   |
| Share capital                                | 12   | 65,762.4                              | 63,761.3                          |
| Reserves                                     |      | 99,580.6                              | 93,447.5                          |
| Proposed final dividend                      |      | –                                     | 2,599.5                           |
| Interim dividend                             |      | 1,067.2                               | –                                 |
| Shareholders' funds                          |      | 166,410.2                             | 159,808.3                         |
| Non-controlling interests                    |      | 41,995.2                              | 40,468.2                          |
| <b>Total equity</b>                          |      | <b>208,405.4</b>                      | 200,276.5                         |
| <b>LIABILITIES</b>                           |      |                                       |                                   |
| <b>Non-current liabilities</b>               |      |                                       |                                   |
| Long-term borrowings                         | 13   | 91,798.7                              | 88,229.9                          |
| Deferred tax liabilities                     |      | 9,483.7                               | 9,011.9                           |
| Derivative financial instruments             |      | 838.2                                 | 864.6                             |
| Other non-current liabilities                |      | 865.3                                 | 774.0                             |
|  |      | 102,985.9                             | 98,880.4                          |
| <b>Current liabilities</b>                   |      |                                       |                                   |
| Creditors and accrued charges                | 14   | 32,745.0                              | 31,299.5                          |
| Current portion of long-term borrowings      | 13   | 25,344.9                              | 23,485.4                          |
| Short-term borrowings                        | 13   | 3,754.5                               | 8,863.8                           |
| Current tax payable                          |      | 5,224.1                               | 6,421.8                           |
|  |      | 67,068.5                              | 70,070.5                          |
| <b>Total liabilities</b>                     |      | <b>170,054.4</b>                      | 168,950.9                         |
| <b>Total equity and liabilities</b>          |      | <b>378,459.8</b>                      | 369,227.4                         |
| <b>Net current assets</b>                    |      | <b>91,700.5</b>                       | 85,120.6                          |
| <b>Total assets less current liabilities</b> |      | <b>311,391.3</b>                      | 299,156.9                         |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

For the six months ended 31 December 2014

| For the six months ended 31 December 2014  | Share capital<br>HK\$m | Retained profits<br>HK\$m | Other reserves<br>HK\$m | Shareholders' funds<br>HK\$m | Non-controlling interests<br>HK\$m | Total<br>HK\$m |
|--|------------------------|---------------------------|-------------------------|------------------------------|------------------------------------|----------------|
| As at 1 July 2014  | 63,761.3               | 82,746.4                  | 13,300.6                | 159,808.3                    | 40,468.2                           | 200,276.5      |
| <b>Comprehensive income</b>  |                        |                           |                         |                              |                                    |                |
| Profit for the period  | -                      | 5,854.6                   | -                       | 5,854.6                      | 1,369.9                            | 7,224.5        |
| <b>Other comprehensive income</b>  |                        |                           |                         |                              |                                    |                |
| Fair value changes of available-for-sale financial assets, net of taxation                                   | -                      | -                         | 210.1                   | 210.1                        | (89.1)                             | 121.0          |
| Release of reserves upon disposal of available-for-sale financial assets                                     | -                      | -                         | (13.4)                  | (13.4)                       | -                                  | (13.4)         |
| Reversal of reserves upon reclassification of an available-for-sale financial asset as an associated company | -                      | -                         | 439.7                   | 439.7                        | 277.5                              | 717.2          |
| Release of exchange reserve upon liquidation of a subsidiary   | -                      | -                         | (7.3)                   | (7.3)                        | (2.8)                              | (10.1)         |
| Share of other comprehensive income of joint ventures and associated companies                               | -                      | -                         | 66.6                    | 66.6                         | 38.3                               | 104.9          |
| Cash flow hedges   | -                      | -                         | 5.5                     | 5.5                          | 3.6                                | 9.1            |
| Translation differences  | -                      | -                         | 672.9                   | 672.9                        | 307.7                              | 980.6          |
| <b>Other comprehensive income for the period</b>   | -                      | -                         | 1,374.1                 | 1,374.1                      | 535.2                              | 1,909.3        |
| <b>Total comprehensive income for the period</b>   | -                      | 5,854.6                   | 1,374.1                 | 7,228.7                      | 1,905.1                            | 9,133.8        |
| <b>Transactions with owners</b>  |                        |                           |                         |                              |                                    |                |
| Contributions by/(distributions to) owners   |                        |                           |                         |                              |                                    |                |
| Dividend   | -                      | (2,599.5)                 | -                       | (2,599.5)                    | (455.5)                            | (3,055.0)      |
| Issue of new shares as scrip dividend  | 1,991.9                | -                         | -                       | 1,991.9                      | -                                  | 1,991.9        |
| Issue of new shares upon exercise of share options   | 9.2                    | -                         | -                       | 9.2                          | -                                  | 9.2            |
| Share options lapsed   | -                      | 6.5                       | (6.5)                   | -                            | -                                  | -              |
| Employees' share-based payments  | -                      | -                         | 32.8                    | 32.8                         | 1.4                                | 34.2           |
| Transfer of reserves   | -                      | 142.8                     | (142.8)                 | -                            | -                                  | -              |
|  | 2,001.1                | (2,450.2)                 | (116.5)                 | (565.6)                      | (454.1)                            | (1,019.7)      |
| Change in ownership interests in subsidiaries  |                        |                           |                         |                              |                                    |                |
| Acquisition of additional interests in subsidiaries  | -                      | (56.7)                    | -                       | (56.7)                       | 65.7                               | 9.0            |
| Deemed disposal of interests in subsidiaries   | -                      | (4.5)                     | -                       | (4.5)                        | 10.3                               | 5.8            |
|  | -                      | (61.2)                    | -                       | (61.2)                       | 76.0                               | 14.8           |
| <b>Total transactions with owners</b>  | 2,001.1                | (2,511.4)                 | (116.5)                 | (626.8)                      | (378.1)                            | (1,004.9)      |
| <b>As at 31 December 2014</b>  | 65,762.4               | 86,089.6                  | 14,558.2                | 166,410.2                    | 41,995.2                           | 208,405.4      |

| For the six months ended 31 December 2013                                      | Share capital<br>HK\$m | Share premium<br>HK\$m | Retained profits<br>HK\$m | Other reserves<br>HK\$m | Shareholders' funds<br>HK\$m | Non-controlling interests<br>HK\$m | Total<br>HK\$m |
|--|------------------------|------------------------|---------------------------|-------------------------|------------------------------|------------------------------------|----------------|
| As at 1 July 2013  | 6,311.6                | 42,422.5               | 74,777.6                  | 15,618.9                | 139,130.6                    | 38,614.4                           | 177,745.0      |
| <b>Comprehensive income</b>  |                        |                        |                           |                         |                              |                                    |                |
| Profit for the period  | -                      | -                      | 4,529.2                   | -                       | 4,529.2                      | 2,375.1                            | 6,904.3        |
| <b>Other comprehensive income</b>  |                        |                        |                           |                         |                              |                                    |                |
| Fair value changes of available-for-sale financial assets, net of taxation     | -                      | -                      | -                         | (174.7)                 | (174.7)                      | (3.9)                              | (178.6)        |
| Release of reserves upon deemed disposal of interests in joint ventures        | -                      | -                      | -                         | (78.4)                  | (78.4)                       | (48.3)                             | (126.7)        |
| Remeasurement of post employment benefit obligation                            | -                      | -                      | (18.5)                    | -                       | (18.5)                       | -                                  | (18.5)         |
| Release of reserves upon disposal of available-for-sale financial assets       | -                      | -                      | -                         | 77.8                    | 77.8                         | -                                  | 77.8           |
| Share of other comprehensive income of joint ventures and associated companies | -                      | -                      | (120.1)                   | 279.6                   | 159.5                        | 116.2                              | 275.7          |
| Cash flow hedges   | -                      | -                      | -                         | 19.7                    | 19.7                         | 11.2                               | 30.9           |
| Translation differences  | -                      | -                      | -                         | 496.9                   | 496.9                        | 262.0                              | 758.9          |
| <b>Other comprehensive income for the period</b>                               | -                      | -                      | (138.6)                   | 620.9                   | 482.3                        | 337.2                              | 819.5          |
| <b>Total comprehensive income for the period</b>                               | -                      | -                      | 4,390.6                   | 620.9                   | 5,011.5                      | 2,712.3                            | 7,723.8        |
| <b>Transactions with owners</b>  |                        |                        |                           |                         |                              |                                    |                |
| Contributions by/(distributions to) owners                                     |                        |                        |                           |                         |                              |                                    |                |
| Dividend   | -                      | -                      | (1,893.5)                 | -                       | (1,893.5)                    | (538.4)                            | (2,431.9)      |
| Issue of new shares as scrip dividend  | 131.4                  | 1,175.5                | -                         | -                       | 1,306.9                      | -                                  | 1,306.9        |
| Issue of new shares upon exercise of share options                             | 0.4                    | 3.3                    | -                         | -                       | 3.7                          | -                                  | 3.7            |
| Share options lapsed   | -                      | -                      | 49.4                      | (49.4)                  | -                            | -                                  | -              |
| Employees' share-based payments  | -                      | -                      | -                         | 32.5                    | 32.5                         | 1.5                                | 34.0           |
| Transfer of reserves   | -                      | -                      | 70.3                      | (70.3)                  | -                            | -                                  | -              |
|  | 131.8                  | 1,178.8                | (1,773.8)                 | (87.2)                  | (550.4)                      | (536.9)                            | (1,087.3)      |
| Change in ownership interests in subsidiaries                                  |                        |                        |                           |                         |                              |                                    |                |
| Acquisition of additional interests in subsidiaries                            | -                      | -                      | (77.2)                    | 17.8                    | (59.4)                       | 14.8                               | (44.6)         |
| Deemed disposal of interests in subsidiaries                                   | -                      | -                      | (17.4)                    | -                       | (17.4)                       | 40.5                               | 23.1           |
|  | -                      | -                      | (94.6)                    | 17.8                    | (76.8)                       | 55.3                               | (21.5)         |
| <b>Total transactions with owners</b>  | 131.8                  | 1,178.8                | (1,868.4)                 | (69.4)                  | (627.2)                      | (481.6)                            | (1,108.8)      |
| <b>As at 31 December 2013</b>  | 6,443.4                | 43,601.3               | 77,299.8                  | 16,170.4                | 143,514.9                    | 40,845.1                           | 184,360.0      |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED

For the six months ended 31 December 2014

|   | 2014<br>HK\$m    | 2013<br>HK\$m |
|---|------------------|---------------|
| Net cash generated from operating activities  | <b>2,162.3</b>   | 6,609.0       |
| Cash flows from investing activities  |                  |               |
| Additions of investment properties, property, plant and equipment, land use rights and intangible concession rights | <b>(4,260.6)</b> | (3,685.7)     |
| Decrease/(increase) in interests in joint ventures  | <b>1,100.4</b>   | (1,401.1)     |
| Decrease/(increase) in interests in associated companies  | <b>20.1</b>      | (3,620.4)     |
| Refund of deposits paid for potential investments in prior years  | <b>2,375.0</b>   | –             |
| Others  | <b>1,306.0</b>   | 1,115.8       |
| Net cash generated from/(used in) investing activities  | <b>540.9</b>     | (7,591.4)     |
| Cash flows from financing activities  |                  |               |
| Net increase in borrowings  | <b>140.8</b>     | 8,026.9       |
| Dividend paid to shareholders of the Company  | <b>(607.6)</b>   | (586.6)       |
| Dividend paid to non-controlling shareholders   | <b>(455.5)</b>   | (538.4)       |
| Others  | <b>3.2</b>       | 101.5         |
| Net cash (used in)/generated from financing activities  | <b>(919.1)</b>   | 7,003.4       |
| Net increase in cash and cash equivalents   | <b>1,784.1</b>   | 6,021.0       |
| Cash and cash equivalents at beginning of the period  | <b>61,077.4</b>  | 39,585.3      |
| Translation differences   | <b>223.7</b>     | 276.4         |
| Cash and cash equivalents at end of the period  | <b>63,085.2</b>  | 45,882.7      |
| Analysis of cash and cash equivalents:  |                  |               |
| Cash and bank balances  | <b>63,085.2</b>  | 45,882.7      |

# NOTES TO CONDENSED ACCOUNTS

## 1 Basis of preparation and accounting policies

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

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

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

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

|   |   |
|---|---|
| HKAS 32 (Amendment)   | Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities |
| HKAS 36 (Amendment)   | Recoverable Amount Disclosures for Non-Financial Assets                                     |
| HKAS 39 (Amendment)   | Novation of Derivatives and Continuation of Hedge Accounting                                |
| HK(IFRIC) – Int 21  | Levies  |
| Amendments to HKAS 19 (Revised 2011)                        | Employee Benefits: Defined Benefit Plans – Employee Contributions                           |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011) | Investment Entities   |
| Annual Improvements Project                                 | Annual Improvements 2010-2012 Cycle   |
| Annual Improvements Project                                 | Annual Improvements 2011-2013 Cycle   |

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

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

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

|   |   |
|---|---|
| HKFRS 9 (2014)                                      | Financial Instruments   |
| HKFRS 14  | Regulatory Deferral Accounts  |
| HKFRS 15  | Revenue from Contracts with Customers   |
| Amendments to HKFRS 11                              | Accounting for Acquisitions of Interests in Joint Operations                          |
| Amendments to HKFRS 10 and HKAS 28                  | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) | Investment Entities: Applying the Consolidation Exception                             |
| Amendments to HKAS 1                                | Disclosure Initiative   |
| Amendments to HKAS 16 and HKAS 38                   | Clarification of Acceptable Methods of Depreciation and Amortisation                  |
| Amendments to HKAS 16 and HKAS 41                   | Agriculture: Bearer Plants  |
| Amendments to HKAS 27                               | Equity Method in Separate Financial Statements  |
| Annual Improvements Project                         | Annual Improvements 2012-2014 Cycle   |

The Group has already commenced an assessment of the impact of these new standards and amendments to standards, certain of which may be relevant to the Group’s operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the financial statements. The Group is not yet in a position to ascertain their impact on its results of operations and financial position.

## NOTES TO CONDENSED ACCOUNTS

### 2 Financial risk management and fair value estimation

#### (a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk.

The interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 30 June 2014 annual financial statements.

There have been no changes in the Group's financial risk management policies and procedures since the last year end.

#### (b) Fair value estimation

The Group's financial instruments that are measured at fair value are disclosed by levels of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The carrying amounts of the financial instruments of the Group are as follows:

- (i) Listed investments are stated at market prices. The quoted market price used for financial assets held by the Group is the bid price at the end of the reporting period. They are included in level 1.

Unlisted investments are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market price is not readily available. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. If all significant inputs required to estimate the fair value of an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.



## 2 Financial risk management and fair value estimation *(continued)*

### (b) Fair value estimation *(continued)*

- (ii) The fair value of long-term financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The following table presents the Group's financial instruments that are measured at fair value at 31 December 2014:

|  | Level 1<br>HK\$m | Level 2<br>HK\$m | Level 3<br>HK\$m | Total<br>HK\$m |
|--|------------------|------------------|------------------|----------------|
| Available-for-sale financial assets                      | 1,238.6          | 50.5             | 3,165.2          | 4,454.3        |
| Financial assets at fair value<br>through profit or loss | 112.8            | –                | 804.0            | 916.8          |
| Derivative financial instruments                         |                  |                  |                  |                |
| Derivative financial assets                              | –                | 7.4              | 58.8             | 66.2           |
|  | 1,351.4          | 57.9             | 4,028.0          | 5,437.3        |
| Derivative financial instruments                         |                  |                  |                  |                |
| Derivative financial liabilities                         | –                | (805.3)          | (32.9)           | (838.2)        |

The following table presents the Group's financial instruments that are measured at fair value at 30 June 2014:

|  | Level 1<br>HK\$m | Level 2<br>HK\$m | Level 3<br>HK\$m | Total<br>HK\$m |
|--|------------------|------------------|------------------|----------------|
| Available-for-sale financial assets                      | 1,849.3          | 57.2             | 2,822.9          | 4,729.4        |
| Financial assets at fair value<br>through profit or loss | 179.3            | 23.3             | 405.6            | 608.2          |
| Derivative financial instruments                         |                  |                  |                  |                |
| Derivative financial assets                              | –                | 25.8             | 58.8             | 84.6           |
|  | 2,028.6          | 106.3            | 3,287.3          | 5,422.2        |
| Derivative financial instruments                         |                  |                  |                  |                |
| Derivative financial liabilities                         | –                | (829.0)          | (35.6)           | (864.6)        |

There were no significant transfer of financial assets between level 1 and level 2 fair value hierarchy classifications.

## NOTES TO CONDENSED ACCOUNTS

### 2 Financial risk management and fair value estimation *(continued)*

#### (b) Fair value estimation *(continued)*

##### (ii) *(continued)*

The following table presents the changes in level 3 financial instruments for the six months ended 31 December 2014:

|   | Available-<br>for-sale<br>financial<br>assets<br>HK\$m | Financial<br>assets at<br>fair value<br>through<br>profit or loss<br>HK\$m | Derivative<br>financial<br>assets<br>HK\$m | Derivative<br>financial<br>liabilities<br>HK\$m |
|---|--|--|--|---|
| At 1 July 2014  | 2,822.9  | 405.6  | 58.8                                       | (35.6)  |
| Additions   | 15.5   | 276.8  | –  | –   |
| Net gain recognised in the<br>condensed consolidated<br>statement of comprehensive<br>income/income statement | 326.8  | 121.6  | –  | 2.7   |
| At 31 December 2014   | 3,165.2  | 804.0  | 58.8                                       | (32.9)  |

### 3 Revenues and segment information

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

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

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

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

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

## NOTES TO CONDENSED ACCOUNTS

### 3 Revenues and segment information (continued)

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

### 3 Revenues and segment information (continued)

|  | Property<br>development<br>HK\$m | Property<br>investment<br>HK\$m | Service<br>HK\$m | Infrastructure<br>HK\$m | Hotel<br>operations<br>HK\$m | Department<br>stores<br>HK\$m | Others<br>HK\$m | Consolidated<br>HK\$m |
|--|----------------------------------|---------------------------------|------------------|-------------------------|------------------------------|-------------------------------|-----------------|-----------------------|
| <b>For the six months ended<br/>31 December 2013</b> |                                  |                                 |                  |                         |                              |                               |                 |                       |
| Total revenues                                       | 14,027.2                         | 1,286.2                         | 9,665.5          | 1,264.0                 | 1,874.4                      | 2,031.0                       | 529.1           | 30,677.4              |
| Inter-segment  | -                                | (95.8)                          | (3,377.1)        | -                       | -                            | -                             | (24.3)          | (3,497.2)             |
| <b>Revenues-external</b>                             | 14,027.2                         | 1,190.4                         | 6,288.4          | 1,264.0                 | 1,874.4                      | 2,031.0                       | 504.8           | 27,180.2              |
| Segment results                                      | 4,965.7                          | 804.0                           | 446.7            | 636.4                   | 276.0                        | 377.6                         | 97.1            | 7,603.5               |
| Other gains, net                                     | (23.9)                           | 77.9                            | 17.4             | 690.4                   | (58.9)                       | (6.7)                         | 588.0           | 1,284.2               |
| Changes in fair value of investment<br>properties    | -                                | 384.4                           | 55.8             | -                       | -                            | -                             | -               | 440.2                 |
| Unallocated corporate expenses                       |                                  |                                 |                  |                         |                              |                               |                 | (499.3)               |
| <b>Operating profit</b>                              |                                  |                                 |                  |                         |                              |                               |                 | 8,828.6               |
| Financing income                                     |                                  |                                 |                  |                         |                              |                               |                 | 495.3                 |
| Financing costs                                      |                                  |                                 |                  |                         |                              |                               |                 | (987.6)               |
|  |                                  |                                 |                  |                         |                              |                               |                 | 8,336.3               |
| Share of results of                                  |                                  |                                 |                  |                         |                              |                               |                 |                       |
| Joint ventures                                       | 157.5                            | 364.2                           | 78.9             | 714.9                   | (25.3)                       | -                             | (44.9)          | 1,245.3               |
| Associated companies                                 | 16.7                             | 115.7                           | 202.2            | 23.2                    | (4.5)                        | -                             | 160.0           | 513.3                 |
| <b>Profit before taxation</b>                        |                                  |                                 |                  |                         |                              |                               |                 | 10,094.9              |
| Taxation   |                                  |                                 |                  |                         |                              |                               |                 | (3,190.6)             |
| <b>Profit for the period</b>                         |                                  |                                 |                  |                         |                              |                               |                 | 6,904.3               |
| <b>As at 30 June 2014</b>                            |                                  |                                 |                  |                         |                              |                               |                 |                       |
| Segment assets                                       | 108,579.2                        | 76,806.2                        | 11,617.0         | 18,112.1                | 13,928.4                     | 7,048.1                       | 7,721.7         | 243,812.7             |
| Interests in joint ventures                          | 13,411.4                         | 11,796.5                        | 3,490.5          | 15,281.2                | 1,184.7                      | -                             | 583.9           | 45,748.2              |
| Interests in associated companies                    | 987.6                            | 2,669.2                         | 7,726.6          | 5,369.8                 | 1.1                          | -                             | 239.7           | 16,994.0              |
| Unallocated assets                                   |                                  |                                 |                  |                         |                              |                               |                 | 62,672.5              |
| <b>Total assets</b>                                  |                                  |                                 |                  |                         |                              |                               |                 | 369,227.4             |
| Segment liabilities                                  | 16,521.7                         | 1,099.5                         | 6,056.2          | 814.7                   | 929.1                        | 4,491.5                       | 2,160.8         | 32,073.5              |
| Unallocated liabilities                              |                                  |                                 |                  |                         |                              |                               |                 | 136,877.4             |
| <b>Total liabilities</b>                             |                                  |                                 |                  |                         |                              |                               |                 | 168,950.9             |
| <b>For the six months ended<br/>31 December 2013</b> |                                  |                                 |                  |                         |                              |                               |                 |                       |
| Additions to non-current assets<br>(Note c)          | 5,853.2                          | 3,319.7                         | 83.2             | 8.5                     | 1,491.2                      | 699.2                         | 583.9           | 12,038.9              |
| Depreciation and amortisation                        | 36.9                             | 56.8                            | 66.2             | 373.9                   | 245.6                        | 146.7                         | 42.8            | 968.9                 |
| Impairment charge and provision                      | -                                | -                               | -                | -                       | 35.9                         | -                             | 11.5            | 47.4                  |

## NOTES TO CONDENSED ACCOUNTS

### 3 Revenues and segment information *(continued)*

|                | Revenues<br>Six months<br>ended<br>31 December<br>2014<br>HK\$m | Non-current<br>Assets (Note c)<br>As at<br>31 December<br>2014<br>HK\$m |
|----------------|---|---|
| Hong Kong      | 14,480.7  | 70,010.2  |
| Mainland China | 12,337.1  | 76,547.2  |
| Others         | 168.5   | 2,654.1   |
|                | <b>26,986.3</b>   | <b>149,211.5</b>  |
|                | Revenues<br>Six months<br>ended<br>31 December<br>2013<br>HK\$m | Non-current<br>Assets (Note c)<br>As at<br>30 June<br>2014<br>HK\$m     |
| Hong Kong      | 11,387.2  | 68,410.4  |
| Mainland China | 15,483.9  | 72,424.4  |
| Others         | 309.1   | 2,704.7   |
|                | 27,180.2  | 143,539.5   |

## Notes:

- a. The amount in the infrastructure segment includes (i) the Group's share of gain of approximately HK\$1.5 billion arising from the disposal of its indirect interest in Companhia de Electricidade de Macau – CEM, S.A. and (ii) the Group's share of impairment loss of HK\$0.3 billion for Guangzhou Dongxin Expressway for the six months ended 31 December 2014.
- b. The amount in the service segment includes an impairment loss of HK\$1.3 billion made for the Group's interest in Newton Resources Ltd, a listed associated company, for the six months ended 31 December 2014.
- c. The amount represents non-current assets other than financial instruments (financial instruments include interests in joint ventures and associated companies), deferred tax assets and other non-current assets.

## 4 Operating profit

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

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

## 5 Taxation

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

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

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

## NOTES TO CONDENSED ACCOUNTS

### 5 Taxation (continued)

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

Share of results of joint ventures and associated companies is stated after deducting the share of taxation of joint ventures and associated companies of HK\$677.5 million and HK\$66.4 million (2013: HK\$578.7 million and HK\$79.9 million) respectively.

### 6 Earnings per share

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

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

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

The earnings per share for the six months ended 31 December 2013 have been adjusted to reflect the effect of rights issue of the Company during the year ended 30 June 2014 as detailed in Note 12 to the condensed accounts.

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

### 7 Capital expenditure

For the six months ended 31 December 2014, the Group has acquired investment properties, property, plant and equipment, land use rights and intangible concession rights of HK\$4,260.6 million (2013: HK\$6,422.5 million). The Group has disposed of investment properties and property, plant and equipment of net book value of HK\$179.2 million (2013: HK\$302.6 million).



## 8 Intangible concession rights

|                                       | HK\$m    |
|---------------------------------------|----------|
| Net book value as at 1 July 2014      | 15,584.4 |
| Translation difference                | 198.8    |
| Addition                              | 43.9     |
| Amortisation                          | (415.7)  |
| Net book value as at 31 December 2014 | 15,411.4 |

## 9 Intangible assets

|  | Goodwill<br>HK\$m | Trademarks<br>HK\$m | Hotel<br>management<br>contracts<br>HK\$m | Process,<br>technology<br>and<br>know-how<br>HK\$m | Customer<br>relationships<br>HK\$m | Operating<br>rights<br>HK\$m | Total<br>HK\$m |
|--|-------------------|---------------------|---|--|------------------------------------|------------------------------|----------------|
| Net book value as at 1 July 2014         | 2,631.8           | 678.5               | 388.4                                     | 27.5   | 465.4                              | 470.9                        | 4,662.5        |
| Translation differences                  | 18.3              | -                   | -   | -  | -                                  | -                            | 18.3           |
| Impairment                               | -                 | -                   | (56.4)                                    | -  | -                                  | -                            | (56.4)         |
| Amortisation                             | -                 | -                   | (12.4)                                    | (1.9)  | (13.6)                             | (15.6)                       | (43.5)         |
| Net book value as at 31 December<br>2014 | 2,650.1           | 678.5               | 319.6                                     | 25.6   | 451.8                              | 455.3                        | 4,580.9        |

## 10 Trade debtors

Aging analysis of trade debtors is as follows:

|                    | As at<br>31 December<br>2014<br>HK\$m | As at<br>30 June<br>2014<br>HK\$m |
|--------------------|---------------------------------------|-----------------------------------|
| Current to 30 days | 3,644.8                               | 3,751.6                           |
| 31 to 60 days      | 471.7                                 | 731.1                             |
| Over 60 days       | 2,113.1                               | 1,959.7                           |
|                    | <b>6,229.6</b>                        | 6,442.4                           |

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

## NOTES TO CONDENSED ACCOUNTS

### 11 Non-current assets classified as assets held for sale

|   | <b>As at<br/>31 December<br/>2014<br/>HK\$m</b> | As at<br>30 June<br>2014<br>HK\$m |
|---|---|-----------------------------------|
| Equity securities listed in Hong Kong     | 7.8   | 7.8                               |
| Investment properties                     | –   | 131.1                             |
| Interests in an associated company (Note) | –   | 384.1                             |
|   | <b>7.8</b>                                      | 523.0                             |

Note:

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

### 12 Share capital

|   | As at 31 December 2014           |                 | As at 30 June 2014               |          |
|---|----------------------------------|-----------------|----------------------------------|----------|
|   | Number<br>of shares<br>(million) | HK\$m           | Number<br>of shares<br>(million) | HK\$m    |
| Issued and fully paid:  |                                  |                 |                                  |          |
| At beginning of the period                                    | 8,664.0                          | 63,761.3        | 6,311.6                          | 6,311.6  |
| Issue of new shares as scrip dividend<br>(Note a)             | 228.4                            | 1,991.9         | 204.2                            | 694.7    |
| Issue of new shares upon exercise of<br>share options         | 1.0                              | 9.2             | 0.4                              | 0.4      |
| Transition to no par value regime on<br>3 March 2014 (Note b) | –                                | –               | –                                | 43,639.0 |
| Issue of rights shares (Note c)                               | –                                | –               | 2,147.8                          | 13,115.6 |
| At end of the period  | <b>8,893.4</b>                   | <b>65,762.4</b> | 8,664.0                          | 63,761.3 |

## 12 Share capital *(continued)*

Notes:

a. Issue of new shares as scrip dividend

During the period, 228,402,355 new shares were issued at HK\$8.721 per share for the settlement of 2014 final scrip dividend.

b. Transition to no par value regime on 3 March 2014

In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap.622), on 3 March 2014, any amount standing to the credit of the share premium account and the capital redemption reserve have become part of the Company's share capital.

c. Issue of rights shares

During the year ended 30 June 2014, 2,147,800,806 new shares were issued and allotted under the rights issue at the subscription price of HK\$6.20 each on the basis of one rights share for every three shares held by the shareholders on 31 March 2014.

d. 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 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 Share Option Scheme) to subscribe for the shares in the Company. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the share capital of the Company in issue as at 24 November 2006, i.e. 366,388,464 shares.

On 19 March 2012, 107,300,000 share options were granted by the Company to directors and certain eligible participants at an initial exercise price of HK\$9.770 per share, subject to adjustments.

On 16 November 2012, 9,400,000 share options were granted by the Company to certain eligible participants at an initial exercise price of HK\$11.996 per share, subject to adjustments.

On 22 January 2014, 30,100,000 share options were granted by the Company to directors and certain eligible participants at an initial exercise price of HK\$10.400 per share, subject to adjustments.

On 27 October 2014, 34,400,000 share options were granted by the Company to certain eligible participants at an initial exercise price of HK\$9.510 per share, subject to adjustments.

The number of share options at 31 December 2014 amounted to 163,321,314 and the number of share options lapsed and exercised for the six months ended 31 December 2014 amounted to 2,789,386 and 1,005,000 respectively.

## NOTES TO CONDENSED ACCOUNTS

### 13 Borrowings

|   | As at<br>31 December<br>2014<br>HK\$m | As at<br>30 June<br>2014<br>HK\$m |
|---|---------------------------------------|-----------------------------------|
| Long-term borrowings                    |                                       |                                   |
| Secured bank loans                      | 24,830.6                              | 29,205.2                          |
| Unsecured bank loans                    | 52,777.1                              | 48,308.2                          |
| Other secured loans                     | –                                     | 70.0                              |
| Other unsecured loans                   | 127.0                                 | 125.5                             |
| Fixed rate bonds and note payable       | 37,530.9                              | 31,878.6                          |
| Loans from non-controlling shareholders | 1,878.0                               | 2,127.8                           |
|   | <b>117,143.6</b>                      | 111,715.3                         |
| Current portion of long-term borrowings | <b>(25,344.9)</b>                     | (23,485.4)                        |
|   | <b>91,798.7</b>                       | 88,229.9                          |
| Short-term borrowings                   |                                       |                                   |
| Secured bank loans                      | 42.3                                  | 5,020.7                           |
| Unsecured bank loans                    | 2,122.7                               | 1,948.8                           |
| Other unsecured loans                   | 259.8                                 | 5.0                               |
| Loans from non-controlling shareholders | 1,329.7                               | 1,889.3                           |
|   | <b>3,754.5</b>                        | 8,863.8                           |
| Current portion of long-term borrowings | <b>25,344.9</b>                       | 23,485.4                          |
|   | <b>29,099.4</b>                       | 32,349.2                          |
| Total borrowings                        | <b>120,898.1</b>                      | 120,579.1                         |

### 14 Trade creditors

Aging analysis of trade creditors is as follows:

|                    | As at<br>31 December<br>2014<br>HK\$m | As at<br>30 June<br>2014<br>HK\$m |
|--------------------|---------------------------------------|-----------------------------------|
| Current to 30 days | 9,029.9                               | 7,301.1                           |
| 31 to 60 days      | 1,292.8                               | 751.5                             |
| Over 60 days       | 1,435.3                               | 1,342.9                           |
|                    | <b>11,758.0</b>                       | 9,395.5                           |

## 15 Commitments

|  | <b>As at<br/>31 December<br/>2014<br/>HK\$m</b> | As at<br>30 June<br>2014<br>HK\$m |
|--|---|-----------------------------------|
| <b>Contracted but not provided for</b>   |   |                                   |
| Property, plant and equipment  | <b>1,969.9</b>                                  | 2,031.0                           |
| Investment properties  | <b>3,820.4</b>                                  | 3,853.8                           |
| Intangible concession rights   | <b>10.4</b>                                     | 22.7                              |
| An associated company  | <b>1,211.3</b>                                  | 1,276.9                           |
| Joint ventures   | <b>218.7</b>                                    | 248.9                             |
| Other investments  | <b>489.9</b>                                    | 675.7                             |
|  | <b>7,720.6</b>                                  | 8,109.0                           |
| <b>Authorised but not contracted for</b>   |   |                                   |
| Property, plant and equipment  | <b>672.4</b>                                    | 580.2                             |
| Investment properties  | <b>811.5</b>                                    | 147.0                             |
| Intangible concession rights   | –   | 47.0                              |
|  | <b>1,483.9</b>                                  | 774.2                             |
| The Group's share of capital commitments of the joint ventures<br>not included above are as follows: |   |                                   |
| Contracted but not provided for  | <b>951.6</b>                                    | 871.6                             |
| Authorised but not contracted for  | <b>562.2</b>                                    | 479.0                             |
|  | <b>1,513.8</b>                                  | 1,350.6                           |

## NOTES TO CONDENSED ACCOUNTS

### 16 Financial guarantee and contingent liabilities

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

### 17 Related party transactions

The following is a summary of 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<br>31 December |               |
|---|---|---------------|
|   | 2014<br>HK\$m                           | 2013<br>HK\$m |
| Transactions with joint ventures and associated companies |   |               |
| Provision of construction work services                   | 334.9                                   | 412.9         |
| Interest income   | 64.3                                    | 59.4          |
| Rental expenses   | 159.7                                   | 139.2         |
| Transactions with other related parties                   |   |               |
| Provision of construction work services                   | 237.8                                   | 280.4         |
| Rental income   | 71.2                                    | 48.8          |
| Concessionaires commissions                               | 51.2                                    | 63.4          |
| Hotel management services fee income                      | 19.3                                    | 19.8          |
| Sales of goods, prepaid shopping cards and vouchers       | 26.7                                    | 12.3          |
| Purchase of goods   | 41.5                                    | 32.9          |
| Engineering and mechanical services                       | 380.4                                   | 351.0         |
| Management fee expenses                                   | 66.8                                    | 64.1          |

## **17 Related party transactions** *(continued)*

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).

## **18 Event subsequent to period end**

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

## LIQUIDITY AND CAPITAL RESOURCES

### Net Debt

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

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

The Group's borrowings were mainly arranged on a floating rate basis. The Group used interest rate swaps and foreign currency swap to hedge part of the Group's underlying interest rate and foreign exchange exposure. As at 31 December 2014, the Group had outstanding derivative instruments in the amounts of HK\$5,800.0 million and US\$600.0 million (equivalent to approximately HK\$4,662.0 million). As at 31 December 2014, the Group had outstanding foreign currency swap contracts in the amounts of US\$10.0 million (equivalent to HK\$77.7 million).

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

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

|                            | <b>HK\$m</b>     |
|----------------------------|------------------|
| Within one year            | <b>27,769.8</b>  |
| In the second year         | <b>23,446.0</b>  |
| In the third to fifth year | <b>45,516.2</b>  |
| After the fifth year       | <b>20,958.4</b>  |
| Total                      | <b>117,690.4</b> |

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



## OTHER INFORMATION

### Disclosure Pursuant to Rules 13.20 and 13.22 of the Listing Rules

At 31 December 2014, the Group had given financial assistance and guarantees to its joint ventures and associated companies (collectively “affiliated companies”) as set out below:

|   | <b>As at<br/>31 December<br/>2014<br/>HK\$m</b> | As at<br>30 June<br>2014<br>HK\$m |
|---|---|-----------------------------------|
| Amounts due by affiliated companies   | <b>17,996.9</b>                                 | 18,581.2                          |
| Guarantees given for affiliated companies in respect of banking and other credit facilities | <b>3,659.6</b>                                  | 4,486.7                           |
| Commitments to capital injections and loan contributions                                    | <b>1,430.0</b>                                  | 1,525.8                           |
|   | <b>23,086.5</b>                                 | 24,593.7                          |

Amounts due by affiliated companies:

The advances were unsecured and were interest free except for an aggregate amount of HK\$5,159.9 million (30 June 2014: HK\$6,762.0 million) which carried interest ranging from 0.875% above HIBOR to 10% per annum (30 June 2014: 0.875% above HIBOR to 10% per annum). The advances had no fixed repayment terms.

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 2014 are presented as follows:

|                                       | <b>Combined<br/>statement of<br/>financial<br/>position<br/>HK\$m</b> | <b>Group’s<br/>attributable<br/>interests<br/>HK\$m</b> |
|---------------------------------------|---|---|
| Non-current assets                    | <b>90,532.0</b>   | <b>42,520.7</b>   |
| Current assets                        | <b>39,473.9</b>   | <b>19,647.0</b>   |
| Current liabilities                   | <b>(36,436.3)</b>   | <b>(19,279.1)</b>                                       |
| Total assets less current liabilities | <b>93,569.6</b>   | <b>42,888.6</b>   |
| Non-current liabilities               | <b>(34,601.5)</b>   | <b>(14,906.8)</b>                                       |
| Net assets                            | <b>58,968.1</b>   | <b>27,981.8</b>   |

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 2014.

## OTHER INFORMATION

### Interim Dividend

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

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

### Book Close Dates

|  |   |  |
|--|---|--|
| Book close dates (both days inclusive)             | : | 20 March 2015 to 26 March 2015   |
| Latest time to lodge transfer with share registrar | : | 4:30 pm on Thursday, 19 March 2015   |
| Address of share registrar                         | : | Tricor Tengis Limited<br>Level 22, Hopewell Centre,<br>183 Queen's Road East,<br>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 2014. 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 2014.

### Major Acquisition and Disposal

- On 27 January 2015, Ballina Enterprises Limited ("Ballina"), a wholly owned subsidiary of the Group, entered into a conditional sale and purchase agreement with Cheung Hung Development (Holdings) Limited ("Cheung Hung"), an associate of Chow Tai Fook Enterprises Limited, to purchase (i) 40% of the entire issued share capital of Sunbig Limited ("Sunbig"); and (ii) certain unsecured and non-interest bearing shareholder's loan owing from Sunbig to Cheung Hung at a total cash consideration of approximately HK\$1,779.0 million (the "Sunbig Acquisition"). As at the date of the Sunbig Acquisition, Sunbig is principally engaged in the investment holding of certain properties in Hong Kong and is owned as to 50% by Ballina, 40% by Cheung Hung and 10% by Good Step Profits Limited, which is a substantial shareholder of certain subsidiaries of the Company. The Sunbig Acquisition was completed on 30 January 2015 and the investment in Sunbig is accounted for as a subsidiary of the Group.
- On 30 January 2015, Natal Global Limited, an indirect wholly owned subsidiary of NWS Holdings Limited, entered into a share purchase agreement to purchase (i) 40% of the issued preference shares capital of Goshawk Aviation Limited ("Goshawk"); and (ii) certain outstanding loan notes together with accrued and unpaid interest thereon from Zion Sky Holdings Limited, a wholly owned subsidiary of Chow Tai Fook Enterprises Limited, at a total cash consideration of approximately US\$222.5 million (equivalent to approximately HK\$1,724.4 million) (the "Acquisition"). Goshawk is principally engaged in the investment of commercial aircraft on lease to operating lessees. The Acquisition was completed on 2 February 2015 and the investment in Goshawk is accounted for as an associated company of the Group.

## Review of Interim Results

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

## Corporate Governance Code

The Company has complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules throughout the six months ended 31 December 2014, with the exception of code provision A.6.4.

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

## Requirement in connection with Publication of "Non-statutory Accounts" under Section 436 of the Hong Kong Companies Ordinance Cap. 622

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

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

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

## 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 2014.

## 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 2014 Annual Report are set out below:

1. Dr. Cheng Chi-Kong, Adrian was appointed as a member of Board of the West Kowloon Cultural District Authority on 23 October 2014.
2. Mr. Cheng Kar-Shing, Peter resigned as an independent non-executive director of Symphony Holdings Limited, a listed public company in Hong Kong, on 15 December 2014.
3. Ms. Ki Man-Fung, Leonie has been repositioned from council member to honorary council member of UNICEF Hong Kong Committee since September 2014.

### 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. Announcements, interim and annual reports, and investor relations website are treated as important public disclosure channels to facilitate investors assessing the company holistically. Besides, we have actively participated in different investor forums and roadshows (both domestic and international), and conducted numerous site visits and meetings with the investment community for effective communication. Feedbacks from the investment community are directly reverted to the management to promote two-way communications between the Board and the investors.

### Corporate Sustainability

To achieve sustainable growth, the Group is committed to minimising potential environmental impacts, improving the quality of communities where we operate while providing a reasonable return to our investors. This commitment is translated into the three pillars of the Group's corporate sustainability – Profit, People and Planet. Considerations of the three pillars are rooted in the Group's decision making process and operational practices. The Group recognises the importance of transparency to stakeholders and has published its second sustainability report ([sr.nwd.com.hk](http://sr.nwd.com.hk)) to report the progress and performance of sustainability programmes in the past year. In addition, the Group has driven its three listed companies to publish their first sustainability reports and all four reports are prepared in compliance with international reporting framework and are independently verified by a third party.

### Employees and Remuneration Policies

The Group has about 50,000 employees as at 31 December 2014 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.

## Directors' Interests in Securities

As at 31 December 2014, the interests of the Directors 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<br>% of<br>shareholding |
|---|-----------------------|---------------------|---------------------------|------------|-------------------------------------|
|   | Personal<br>interests | Spouse<br>interests | Corporate<br>interests    |            |                                     |
| <b>New World Development Company Limited</b>    |                       |                     |                           |            |                                     |
| (Ordinary shares)                               |                       |                     |                           |            |                                     |
| Dr. Cheng Kar-Shun, Henry                       | -                     | 600,000             | -                         | 600,000    | 0.01                                |
| Mr. Doo Wai-Hoi, William                        | -                     | -                   | 7,955,000 <sup>(1)</sup>  | 7,955,000  | 0.09                                |
| Mr. Ho Hau-Hay, Hamilton                        | -                     | -                   | 878,353 <sup>(2)</sup>    | 878,353    | 0.01                                |
| Mr. Liang Cheung-Biu, Thomas                    | 10,429                | -                   | -                         | 10,429     | 0.00                                |
| Ms. Ki Man-Fung, Leonie                         | 90,000                | -                   | -                         | 90,000     | 0.00                                |
| <b>New World China Land Limited</b>             |                       |                     |                           |            |                                     |
| (Ordinary shares of HK\$0.10 each)              |                       |                     |                           |            |                                     |
| Mr. Doo Wai-Hoi, William                        | 1,254,663             | -                   | 1,317,000 <sup>(3)</sup>  | 2,571,663  | 0.03                                |
| Mr. Cheng Kar-Shing, Peter                      | 755,961               | -                   | -                         | 755,961    | 0.01                                |
| 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                        | 953,669               | -                   | -                         | 953,669    | 0.01                                |
| <b>New World Department Store China Limited</b> |                       |                     |                           |            |                                     |
| (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                                |
| <b>NWS Holdings Limited</b>                     |                       |                     |                           |            |                                     |
| (Ordinary shares of HK\$1.00 each)              |                       |                     |                           |            |                                     |
| Dr. Cheng Kar-Shun, Henry                       | 18,349,571            | -                   | 12,000,000 <sup>(4)</sup> | 30,349,571 | 0.81                                |
| Mr. Doo Wai-Hoi, William                        | 3,477,834             | -                   | 8,330,782 <sup>(3)</sup>  | 11,808,616 | 0.31                                |
| Mr. Cheng Kar-Shing, Peter                      | 280,824               | -                   | 5,670,218 <sup>(5)</sup>  | 5,951,042  | 0.16                                |
| Ms. Ki Man-Fung, Leonie                         | 15,000                | -                   | -                         | 15,000     | 0.00                                |
| <b>Sun Legend Investments Limited</b>           |                       |                     |                           |            |                                     |
| (Ordinary shares)                               |                       |                     |                           |            |                                     |
| Mr. Cheng Kar-Shing, Peter                      | -                     | -                   | 500 <sup>(6)</sup>        | 500        | 50.00                               |

## OTHER INFORMATION

### Directors' Interests in Securities (continued)

#### (A) Long position in shares (continued)

Notes:

- (1) These shares are beneficially owned by companies which are wholly owned by Mr. Doo Wai-Hoi, William.
- (2) These shares are beneficially owned by a company in which Mr. Ho Hau-Hay, Hamilton owns 40.0% of its issued share capital.
- (3) These shares are beneficially owned by a company which is wholly owned by Mr. Doo Wai-Hoi, William.
- (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 beneficially owned by a controlled corporation of Mr. Cheng Kar-Shing, Peter.

#### (B) Long position in underlying shares – share options

During the six months ended 31 December 2014, 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<br>(Note) | Number of share options   |   |                             | Balance as at 31 December 2014 | Exercise price per share <sup>(3)</sup><br>HK\$ |
|------------------------------|-----------------|------------------------------|---------------------------|---|-----------------------------|--------------------------------|---|
|                              |                 |                              | Balance as at 1 July 2014 | Adjusted during the period <sup>(3)</sup> | Exercised during the period |                                |   |
| Dr. Cheng Kar-Shun, Henry    | 19 March 2012   | (1)                          | 10,648,284                | 4,292                                     | –                           | 10,652,576                     | 9.172   |
| Mr. Doo Wai-Hoi, William     | 22 January 2014 | (2)                          | 531,618                   | 214                                       | –                           | 531,832                        | 9.777   |
| Dr. Cheng Chi-Kong, Adrian   | 19 March 2012   | (1)                          | 3,726,898                 | 1,502                                     | –                           | 3,728,400                      | 9.172   |
| Mr. Chen Guanzhan            | 19 March 2012   | (1)                          | 3,726,898                 | 1,502                                     | –                           | 3,728,400                      | 9.172   |
| Mr. Yeung Ping-Leung, Howard | 19 March 2012   | (1)                          | 532,413                   | 214                                       | –                           | 532,627                        | 9.172   |
| Mr. Cha Mou-Sing, Payson     | 19 March 2012   | (1)                          | 532,413                   | 214                                       | –                           | 532,627                        | 9.172   |
| Mr. Cheng Kar-Shing, Peter   | 19 March 2012   | (1)                          | 532,413                   | 214                                       | –                           | 532,627                        | 9.172   |
| Mr. Ho Hau-Hay, Hamilton     | 19 March 2012   | (1)                          | 532,413                   | 214                                       | –                           | 532,627                        | 9.172   |
| Mr. Lee Luen-Wai, John       | 19 March 2012   | (1)                          | 532,413                   | 214                                       | –                           | 532,627                        | 9.172   |
| Mr. Liang Cheung-Biu, Thomas | 19 March 2012   | (1)                          | 532,413                   | 214                                       | –                           | 532,627                        | 9.172   |
| Ms. Ki Man-Fung, Leonie      | 19 March 2012   | (1)                          | 3,194,483                 | 1,287                                     | –                           | 3,195,770                      | 9.172   |
| Mr. Cheng Chi-Heng           | 19 March 2012   | (1)                          | 532,413                   | 214                                       | –                           | 532,627                        | 9.172   |
| Ms. Cheng Chi-Man, Sonia     | 19 March 2012   | (1)                          | 3,194,483                 | 1,287                                     | –                           | 3,195,770                      | 9.172   |
| Mr. Au Tak-Cheong            | 19 March 2012   | (1)                          | 2,342,841                 | 944                                       | –                           | 2,343,785                      | 9.172   |
|                              | 22 January 2014 | (2)                          | 531,618                   | 214                                       | –                           | 531,832                        | 9.777   |
|                              |                 |                              | 31,624,014                | 12,740                                    | –                           | 31,636,754                     |   |

## 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 Directors of the Company (continued)*

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 22 January 2014, 22 January 2015, 22 January 2016 and 22 January 2017 respectively to 21 January 2018.
- (3) The Company declared final dividend for the year ended 30 June 2014 in cash (with scrip 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\$9.176 to HK\$9.172 on 30 December 2014. The exercise price per share of the share options granted on 22 January 2014 was adjusted from HK\$9.781 to HK\$9.777 on 30 December 2014.
- (4) The cash consideration paid by each Director for the grant of share options is HK\$10.0.

##### *Share options granted to other eligible participants*

| Date of grant    | Exercisable period<br>(Note) | Number of share options      |                              |   |  |                             | Balance as at<br>31<br>December<br>2014 | Exercise price<br>per share <sup>(6)</sup><br>HK\$ |
|------------------|------------------------------|------------------------------|------------------------------|---|--|-----------------------------|---|--|
|                  |                              | Balance as at<br>1 July 2014 | Granted during<br>the period | Exercised during<br>the period <sup>(5)</sup> | Adjusted during<br>the period <sup>(6)</sup> | Lapsed during<br>the period |   |  |
| 19 March 2012    | (1)                          | 62,318,673                   | -                            | (1,005,000)                                   | 24,681                                       | -                           | 61,338,354                              | 9.172  |
| 16 November 2012 | (2)                          | 7,767,119                    | -                            | -   | 2,795  | (819,826)                   | 6,950,088                               | 11.262   |
| 22 January 2014  | (3)                          | 30,940,188                   | -                            | -   | 11,972                                       | (1,169,560)                 | 29,782,600                              | 9.777  |
| 27 October 2014  | (4)                          | -                            | 34,400,000                   | -   | 13,518                                       | (800,000)                   | 33,613,518                              | 9.506  |
|                  |                              | 101,025,980                  | 34,400,000                   | (1,005,000)                                   | 52,966                                       | (2,789,386)                 | 131,684,560                             |  |

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) Divided into 4 tranches exercisable from 22 January 2014, 22 January 2015, 22 January 2016 and 22 January 2017 respectively to 21 January 2018.
- (4) Divided into 4 tranches exercisable from 27 October 2014, 27 October 2015, 27 October 2016 and 27 October 2017 respectively to 26 October 2018.
- (5) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$10.093.
- (6) The Company declared final dividend for the year ended 30 June 2014 in cash (with scrip 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\$9.176 to HK\$9.172 on 30 December 2014. The exercise price per share of the share options granted on 16 November 2012 was adjusted from HK\$11.267 to HK\$11.262 on 30 December 2014. The exercise price per share of the share options granted on 22 January 2014 was adjusted from HK\$9.781 to HK\$9.777 on 30 December 2014. The exercise price per share of the share options granted on 27 October 2014 was adjusted from HK\$9.510 to HK\$9.506 on 30 December 2014.
- (7) The cash consideration paid by each participant for the grant of share options is HK\$10.0.

## OTHER INFORMATION

### 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 (continued)*

The fair value of the share options granted during the period is estimated at HK\$1.78 per share using the Binomial pricing model. Value is estimated based on the risk-free rate at 1.026% per annum with reference to the market yield rates of the Hong Kong Government Bond (maturing 10 December 2018) as of the value date, a historical volatility of 31.726% calculated based on the historical price with period equals to the life of the options, assuming dividend yield of 3.82% 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.

- (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, 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 2014 are as follows:



## 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 Directors of the Company*

#### NWCL 2002 Share Option Scheme

| Name                       | Date of grant   | Exercisable period<br>(Note) | Number of share options   |                             |                          | Balance as at 31 December 2014 | Exercise price per share<br>HK\$ |
|----------------------------|-----------------|------------------------------|---------------------------|-----------------------------|--------------------------|--------------------------------|----------------------------------|
|                            |                 |                              | Balance as at 1 July 2014 | Exercised during the period | Lapsed during the period |                                |                                  |
| Dr. Cheng Kar-Shun, Henry  | 18 January 2011 | (1)                          | 2,077,922                 | –                           | –                        | 2,077,922                      | 3.036                            |
| Dr. Cheng Chi-Kong, Adrian | 18 January 2011 | (2)                          | 935,066                   | –                           | –                        | 935,066                        | 3.036                            |
| Mr. Cheng Kar-Shing, Peter | 18 January 2011 | (1)                          | 831,169                   | –                           | –                        | 831,169                        | 3.036                            |
| Mr. Lee Luen-Wai, John     | 18 January 2011 | (1)                          | 311,688                   | –                           | –                        | 311,688                        | 3.036                            |
|                            |                 |                              | 4,155,845                 | –                           | –                        | 4,155,845                      |                                  |

Notes:

- (1) 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.
- (2) Divided into 3 tranches exercisable from 19 February 2013, 19 February 2014 and 19 February 2015, respectively to 18 February 2016.
- (3) The cash consideration paid by each of the above Directors for each grant of share options is HK\$10.0.

*Share options granted to other eligible participants*

#### NWCL 2002 Share Option Scheme

| Date of grant                        | Number of share options <sup>(1)</sup> |  |                          |                                | Exercise price per share<br>HK\$ |
|--------------------------------------|--|--|--------------------------|--------------------------------|----------------------------------|
|                                      | Balance as at 1 July 2014              | Exercised during the period <sup>(2)</sup> | Lapsed during the period | Balance as at 31 December 2014 |                                  |
| 26 June 2009 to 23 July 2009         | 512,551                                | (504,529)                                  | (8,022)                  | –                              | 3.913                            |
| 19 November 2009 to 16 December 2009 | 3,013                                  | –  | –                        | 3,013                          | 2.953                            |
| 12 January 2010 to 2 February 2010   | 61,481                                 | –  | –                        | 61,481                         | 2.878                            |
| 18 May 2010 to 14 June 2010          | 121,740                                | –  | –                        | 121,740                        | 2.262                            |
| 31 May 2010 to 25 June 2010          | 209,480                                | (84,000)                                   | –                        | 125,480                        | 2.349                            |
| 10 November 2010 to 7 December 2010  | 693,137                                | –  | –                        | 693,137                        | 3.013                            |
| 18 January 2011 to 14 February 2011  | 5,670,121                              | (498,700)                                  | (166,233)                | 5,005,188                      | 3.036                            |
| 26 July 2011 to 22 August 2011       | 733,242                                | (104,000)                                  | –                        | 629,242                        | 2.705                            |
|                                      | 8,004,765                              | (1,191,229)                                | (174,255)                | 6,639,281                      |                                  |

## 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 (continued)*

#### NWCL 2011 Share Option Scheme

| Date of grant                       | Number of share options <sup>(1)</sup> |  |  |                          | Balance as at 31 December 2014 | Exercise price per share HK\$ |
|-------------------------------------|--|--|--|--------------------------|--------------------------------|-------------------------------|
|                                     | Balance as at 1 July 2014              | Granted during the period <sup>(3)</sup> | Exercised during the period <sup>(2)</sup> | Lapsed during the period |                                |                               |
| 3 May 2012 to 30 May 2012           | 4,071,680                              | –  | (510,000)                                  | (200,000)                | 3,361,680                      | 2.450                         |
| 22 October 2012 to 16 November 2012 | 448,700                                | –  | (6,000)                                    | –                        | 442,700                        | 3.370                         |
| 7 January 2013 to 1 February 2013   | 3,824,100                              | –  | –  | –                        | 3,824,100                      | 3.880                         |
| 2 April 2013 to 29 April 2013       | 1,933,990                              | –  | (60,800)                                   | (37,200)                 | 1,835,990                      | 3.350                         |
| 24 June 2013 to 25 June 2013        | 1,168,400                              | –  | –  | –                        | 1,168,400                      | 2.762                         |
| 15 October 2013 to 17 October 2013  | 1,749,900                              | –  | (16,000)                                   | (180,800)                | 1,553,100                      | 4.010                         |
| 9 January 2014 to 13 January 2014   | 3,739,440                              | –  | (1,200)                                    | (12,800)                 | 3,725,440                      | 3.970                         |
| 10 July 2014 to 11 July 2014        | –                                      | 1,266,000                                | –  | –                        | 1,266,000                      | 4.720                         |
| 23 October 2014 to 24 October 2014  | –                                      | 1,132,000                                | (66,000)                                   | (264,000)                | 802,000                        | 4.420                         |
|                                     | 16,936,210                             | 2,398,000                                | (660,000)                                  | (694,800)                | 17,979,410                     |                               |

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.
- (2) The weighted average closing prices 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 were HK\$4.680 and HK\$4.715, respectively.
- (3) The closing prices per share immediately before 10 July 2014 and 23 October 2014, the dates of offer to grant, were HK\$4.690 and HK\$4.280, respectively.
- (4) The cash consideration paid by each eligible participant for each grant of share options is HK\$10.0.

The fair values of the share options granted during the period with exercise prices per share of HK\$4.720 and HK\$4.420 are estimated at HK\$1.50 and HK\$1.34, respectively using the Binomial pricing model. Values are estimated based on the risk-free rate ranging from 1.17% to 1.40% per annum with reference to the rate prevailing on the Exchange Fund Notes, a five-year period historical volatility ranging from 38.80% to 40.52%, assuming dividend yield ranging from 1.58% to 1.68% and an expected option life of five 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.

## Directors' Interests in Securities (continued)

### (C) Long position in debentures

(1) Fita International Limited ("Fita")

| Name                     | Amount of debentures in US\$ issued by Fita |                     |                          |           | Approximate %<br>to the total<br>amount of<br>debentures<br>in issue as at<br>31 December<br>2014 |
|--------------------------|---|---------------------|--------------------------|-----------|---|
|                          | Personal<br>interests                       | Family<br>interests | Corporate<br>interests   | Total     |   |
| Mr. Doo Wai-Hoi, William | –   | 2,900,000           | 1,240,000 <sup>(1)</sup> | 4,140,000 | 0.55  |
| Mr. Lee Luen-Wai, John   | 1,000,000                                   | 1,000,000           | –                        | 2,000,000 | 0.27  |
|                          | 1,000,000                                   | 3,900,000           | 1,240,000                | 6,140,000 |   |

Note:

(1) These debentures are beneficially owned by a company which is wholly owned by Mr. Doo Wai-Hoi, William.

(2) NWCL

| Name                       | Amount of debentures issued by NWCL |                            |                               |               | Approximate %<br>to the total<br>amount of<br>debentures<br>in issue as at<br>31 December<br>2014 |
|----------------------------|-------------------------------------|----------------------------|-------------------------------|---------------|---|
|                            | Personal<br>interests<br>RMB        | Family<br>interests<br>RMB | Corporate<br>interests<br>RMB | Total<br>RMB  |   |
| Mr. Doo Wai-Hoi, William   | –                                   | 140,028,000 <sup>(1)</sup> | 994,814,000 <sup>(2)</sup>    | 1,134,842,000 | 8.86  |
| Mr. Cheng Kar-Shing, Peter | –                                   | 12,256,000 <sup>(3)</sup>  | 16,000,000 <sup>(4)</sup>     | 28,256,000    | 0.22  |
|                            | –                                   | 152,284,000                | 1,010,814,000                 | 1,163,098,000 |   |

Notes:

(1) These debentures are held by the spouse of Mr. Doo Wai-Hoi, William, of which RMB6,128,000 debentures were issued in US\$ and had been translated into RMB using the rate of US\$1.0 = RMB6.128.

(2) These debentures are held by companies which are wholly owned by Mr. Doo Wai-Hoi, William, of which RMB477,984,000 debentures were issued in US\$ and had been translated into RMB using the rate of US\$1.0 = RMB6.128.

(3) These debentures are jointly-held by Mr. Cheng Kar-Shing, Peter and his spouse, all of which were issued in US\$ and had been translated into RMB using the rate of US\$1.0 = RMB6.128.

(4) These debentures are beneficially owned by a company which is wholly owned by Mr. Cheng Kar-Shing, Peter.

## OTHER INFORMATION

### Directors' Interests in Securities *(continued)*

#### (C) Long position in debentures *(continued)*

(3) NWD (MTN) Limited ("NWD (MTN)")

| Name                     | Amount of debentures issued by NWD (MTN) |                             |                                | Total<br>HK\$              | Approximate %<br>to the total<br>amount of<br>debentures<br>in issue as at<br>31 December<br>2014 |
|--------------------------|--|-----------------------------|--------------------------------|----------------------------|---|
|                          | Personal<br>interests<br>HK\$            | Family<br>interests<br>HK\$ | Corporate<br>interests<br>HK\$ |                            |   |
| Mr. Doo Wai-Hoi, William | 156,000,000 <sup>(1)</sup>               | 23,400,000 <sup>(1)</sup>   | –                              | 179,400,000 <sup>(1)</sup> | 1.60  |
| Ms. Ki Man-Fung, Leonie  | 4,000,000                                | –                           | –                              | 4,000,000                  | 0.04  |
|                          | 160,000,000                              | 23,400,000                  | –                              | 183,400,000                |   |

Note:

(1) These debentures were issued in US\$ and had been translated into HK\$ using the rate of US\$1.0 = HK\$7.8.

(4) Rosy Unicorn Limited ("Rosy Unicorn")

| Name                     | Amount of debentures in US\$ issued by Rosy Unicorn |                     |                           | Total      | Approximate %<br>to the total<br>amount of<br>debentures<br>in issue as at<br>31 December<br>2014 |
|--------------------------|---|---------------------|---------------------------|------------|---|
|                          | Personal<br>interests                               | Family<br>interests | Corporate<br>interests    |            |   |
| Mr. Doo Wai-Hoi, William | –   | 51,500,000          | 22,840,000 <sup>(1)</sup> | 74,340,000 | 14.87   |

Note:

(1) These debentures are beneficially owned by a company which is wholly owned by Mr. Doo Wai-Hoi, William.

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executive 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 2014, 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") <sup>(1)</sup>       | –                     | 3,727,283,450       | 3,727,283,450 | 41.91                         |
| Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II") <sup>(2)</sup> | –                     | 3,727,283,450       | 3,727,283,450 | 41.91                         |
| Chow Tai Fook Capital Limited ("CTFC") <sup>(3)</sup>                  | –                     | 3,727,283,450       | 3,727,283,450 | 41.91                         |
| Chow Tai Fook (Holding) Limited ("CTFHL") <sup>(4)</sup>               | –                     | 3,727,283,450       | 3,727,283,450 | 41.91                         |
| Chow Tai Fook Enterprises Limited ("CTF") <sup>(5)</sup>               | 3,389,422,486         | 337,860,964         | 3,727,283,450 | 41.91                         |

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 78.58% 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 2014.

## CORPORATE INFORMATION

### Emeritus Chairman

Dato' Dr. Cheng Yu-Tung

### Board of Directors

#### Executive Directors

Dr. Cheng Kar-Shun, Henry (*Chairman*)

Dr. 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

Mr. Au Tak-Cheong

#### Non-executive Directors

Mr. Doo Wai-Hoi, William JP (*Vice-chairman*)

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

Iu, Lai & Li

Eversheds

### Share Registrar and Transfer Office

Tricor Tengis Limited

Level 22, Hopewell Centre,

183 Queen's Road East,

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 Construction Bank (Asia)

China Development Bank

China Merchants Bank

Citibank N.A.

DBS Bank

Hang Seng Bank

Industrial and Commercial Bank of China (Asia)

Mizuho Bank

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 of the Company at:

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### Website

[www.nwd.com.hk](http://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

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

