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New World China Land Limited

新世界中國地產有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 917)

ANNUAL RESULTS ANNOUNCEMENT 2012/2013

RESULTS

The board of directors of New World China Land Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30 June 2013:

Consolidated Income Statement For the year ended 30 June 2013

	Note	2013 HK\$'000	2012 HK\$'000
Revenues	2	16,153,872	12,528,755
Cost of sales		(9,395,433)	(6,887,239)
Gross profit		6,758,439	5,641,516
Other income	3	1,031,293	772,288
Other gains, net	4	840,955	249,186
Changes in fair value of investment properties		623,795	1,025,791
Selling expenses		(550,200)	(420,724)
Administrative and other operating expenses		(1,347,765)	(1,256,521)
Operating profit before finance costs	5	7,356,517	6,011,536
Finance costs		(414,256)	(292,503)
Share of results of			
Associated companies		46,264	16,844
Jointly controlled entities		918,372	356,327
Profit before taxation		7,906,897	6,092,204
Taxation charge	6	(3,051,541)	(2,812,704)
Profit for the year		4,855,356	3,279,500
Attributable to:			
Equity holders of the Company		4,616,314	3,080,929
Non-controlling interests		239,042	198,571
		4,855,356	3,279,500
Earnings per share	7		
Basic		53.32 cents	42.04 cents
Diluted		53.29 cents	41.72 cents
Dividends	8	606,589	605,409

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2013

	2013	2012
	HK\$'000	HK\$'000
Profit for the year	4,855,356	3,279,500
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Translation differences	1,435,731	207,509
Share of other comprehensive income of jointly controlled entities	127,271	35,180
Share of other comprehensive income of associated companies	(1,284)	(594)
Realisation of translation differences upon disposal of a subsidiary	—	(12,291)
Other comprehensive income for the year	1,561,718	229,804
Total comprehensive income for the year	6,417,074	3,509,304
Total comprehensive income attributable to:		
Equity holders of the Company	6,160,788	3,306,889
Non-controlling interests	256,286	202,415
	6,417,074	3,509,304

Consolidated Statement of Financial Position

As at 30 June 2013

	Note	2013 HK\$'000	2012 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		3,430,117	2,660,411
Investment properties		19,928,241	17,165,024
Land use rights		621,096	679,009
Intangible assets		1,940,241	1,925,141
Properties held for development		17,350,847	15,864,552
Associated companies		428,574	429,774
Jointly controlled entities		12,486,369	11,072,950
Available-for-sale financial assets		108,457	108,457
		56,293,942	49,905,318
Current assets			
Properties under development		20,449,013	17,951,504
Completed properties held for sale		7,093,274	5,060,918
Hotel inventories, at cost		4,551	4,181
Prepayments, debtors and other receivables	9	13,817,090	11,339,135
Amounts due from related companies		851,225	604,929
Cash and bank balances, unrestricted		19,337,202	13,257,612
		61,552,355	48,218,279
Total assets		117,846,297	98,123,597
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		866,360	864,979
Reserves		53,135,700	47,540,960
Proposed final dividend		346,686	346,034
		54,348,746	48,751,973
Non-controlling interests		3,354,883	2,973,143
Total equity		57,703,629	51,725,116

Consolidated Statement of Financial Position (Continued)

As at 30 June 2013

	Note	2013 HK\$'000	2012 HK\$'000
LIABILITIES			
Non-current liabilities			
Long term borrowings		30,957,581	22,919,267
Deferred tax liabilities		2,839,705	2,460,377
		33,797,286	25,379,644
Current liabilities			
Creditors and accruals	10	6,819,852	5,883,221
Deposits received on sale of properties		9,041,851	5,161,655
Amounts due to related companies		838,710	1,345,767
Short term loans		543,038	270,699
Current portion of long term borrowings		5,501,711	5,267,457
Amounts due to non-controlling interests		103,192	101,916
Taxes payable		3,497,028	2,988,122
		26,345,382	21,018,837
Total liabilities		60,142,668	46,398,481
Total equity and liabilities		117,846,297	98,123,597
Net current assets		35,206,973	27,199,442
Total assets less current liabilities		91,500,915	77,104,760

Notes

1 Basis of preparation

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

(a) Adoption of amendment to standard

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

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

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

The following new or revised standards, amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 January 2013 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2014

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

Effective for the year ending 30 June 2015 or after

HKFRS 9	Financial Instruments
HKFRS 7 and HKFRS 9 (Amendments)	Financial Instruments: Disclosures – Mandatory Effective Date of HKFRS 9 and Transition Disclosures
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011)	Investment Entities
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The Group has already commenced an assessment of the impact of these new or revised standards, amendments to standards and interpretations, certain of which may be relevant to the Group's operation and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the financial statements.

2 Revenues and segment information

- (a) The Group is principally engaged in investment in and development of property projects in the People's Republic of China (the "PRC"). Revenues comprise turnover which include gross proceeds from sale of properties, income from land preparatory work, revenue from rental and hotel operation, property management services fee income, project management fee income, hotel management services fee income and contracting services income.

	2013	2012
	HK\$'000	HK\$'000
Sale of properties	14,168,228	9,887,886
Income from land preparatory work	—	723,795
Rental income	720,392	693,369
Income from hotel operation	334,867	364,512
Property management services fee income	339,687	285,246
Project management fee income	64,301	105,014
Hotel management services fee income	471,305	468,933
Contracting services income	55,092	—
	16,153,872	12,528,755

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

The committee considers the business from the perspective of the services and products. The management assesses the performance of property sales, land preparatory work, rental operation, hotel operation, property management services operations and hotel management services operations. Other operations include contracting services and ancillary services in property projects.

In prior years, the executive committee assesses the performance of the operating segments based on a measure of attributable operating profit ("AOP") before finance costs and taxation charge. With effect from the financial year commencing on 1 July 2012, the management considers AOP before finance costs and after taxation charge is a more relevant performance measurement basis to be used in the Group's internal financial and management reporting that is reviewed by the executive committee. Information for the year ended 30 June 2012 that is presented for comparative purposes has been restated accordingly. This measurement basis excludes the effects of changes in fair value of investment properties, gains and losses from changes in group structure, net foreign exchange gains, amortisation of intangible assets acquired from business combinations, income and expenses at corporate office and deferred tax (charge)/credit

on undistributed profits. Interest income is included in the result of each operating segment that is reviewed by the executive committee.

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

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

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

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

- (c) For the year ended 30 June 2012 and 30 June 2013, there was no revenue derived from a single external customer exceeding 10% of total revenue.

Year ended	Property	Land	Rental	Hotel	Property	Hotel	Other	Total
30 June 2013	sales	preparatory	operation	operation	management	management	operations	Total
	HK\$'000	work	HK\$'000	HK\$'000	services	services	HK\$'000	HK\$'000
		HK\$'000			HK\$'000	HK\$'000		
Segment revenues								
Company and subsidiaries								
Total revenues	14,232,529	–	743,887	334,867	452,029	490,359	81,735	16,335,406
Inter-segment revenues	–	–	(23,495)	–	(112,342)	(19,054)	(26,643)	(181,534)
External revenues	14,232,529	–	720,392	334,867	339,687	471,305	55,092	16,153,872
Associated companies - attributable to the Group	11,730	–	30,981	19,433	3,790	–	–	65,934
Jointly controlled entities - attributable to the Group	2,716,702	–	404,449	90,341	79,483	–	–	3,290,975
	16,960,961	–	1,155,822	444,641	422,960	471,305	55,092	19,510,781
Segment bank and other interest income	162,836	–	14,509	314	1,697	4,131	370	183,857
AOP before finance costs and after taxation charge								
Company and subsidiaries	3,046,335	–	313,493	(100,835)	(89,911)	19,907	(26,929)	3,162,060
Associated companies	27,765	–	16,077	(5,911)	(50)	–	–	37,881
Jointly controlled entities	701,782	–	186,195	(50,007)	(8,331)	–	8,629	838,268
	3,775,882	–	515,765	(156,753)	(98,292)	19,907	(18,300)	4,038,209
Additions to non-current assets other than financial instruments	2,810,051	655	787,874	557,159	3,322	2,352	73,665	4,235,078
Depreciation and amortisation	57,840	–	3,232	137,840	2,243	56,172	933	258,260
Share of results of								
Associated companies	27,136	–	25,087	(5,909)	(50)	–	–	46,264
Jointly controlled entities	327,444	–	657,191	(59,061)	(8,349)	–	1,147	918,372

As at 30 June 2013	Property sales HK\$'000	Land preparatory work HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Hotel management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment assets	66,419,411	2,779,112	21,029,447	2,554,871	228,738	2,084,426	324,353	95,420,358
Associated companies and jointly controlled entities	3,993,490	(8,199)	8,551,425	380,389	(11,219)	3,642	5,415	12,914,943
Available-for- sale financial assets								108,457
Property, plant and equipment at corporate office								3,597
Prepayments, debtors and other receivables at corporate office								134,131
Amounts due from related companies at corporate office								694,404
Cash and bank balances at corporate office								<u>8,570,407</u>
Total assets								<u>117,846,297</u>
Segment liabilities	16,026,702	5,674	388,326	53,843	183,283	74,455	133,031	16,865,314
Creditors and accruals at corporate office								225,197
Taxes payable								3,210,122
Borrowings								37,002,330
Deferred tax liabilities								<u>2,839,705</u>
Total liabilities								<u>60,142,668</u>

Year ended 30 June 2012	Property sales HK\$'000	Land preparatory work HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Hotel management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment revenues								
Company and subsidiaries								
Total revenues	9,992,900	723,795	713,756	380,297	341,245	487,133	-	12,639,126
Inter-segment revenues								
	-	-	(20,387)	(15,785)	(55,999)	(18,200)	-	(110,371)
External revenues	9,992,900	723,795	693,369	364,512	285,246	468,933	-	12,528,755
Associated companies - attributable to the Group								
	19,028	-	22,551	21,382	2,114	-	-	65,075
Jointly controlled entities - attributable to the Group								
	581,512	-	340,890	84,888	74,993	-	-	1,082,283
	10,593,440	723,795	1,056,810	470,782	362,353	468,933	-	13,676,113
Segment bank and other interest income								
	74,331	163	7,931	392	918	2,697	40	86,472
AOP before finance costs and after taxation charge								
Company and subsidiaries								
	2,037,786	13,281	209,378	(83,630)	(53,739)	21,874	(376)	2,144,574
Associated companies								
	1,397	-	8,623	(5,231)	(6)	-	-	4,783
Jointly controlled entities								
	249,590	-	147,232	(37,809)	(3,846)	-	8,051	363,218
	2,288,773	13,281	365,233	(126,670)	(57,591)	21,874	7,675	2,512,575
Additions to non-current assets other than financial instruments								
	3,754,730	396	742,154	221,799	3,303	1,975,043	1,133	6,698,558
Depreciation and amortisation								
	53,703	200	14,669	139,457	1,872	52,063	1,172	263,136
Share of results of								
Associated companies								
	4,911	-	17,168	(5,229)	(6)	-	-	16,844
Jointly controlled entities								
	(55,241)	-	462,304	(45,530)	(3,675)	-	(1,531)	356,327

As at 30 June 2012	Property sales HK\$'000	Land preparatory work HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Hotel management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment assets	53,928,098	2,567,739	17,674,896	2,293,302	204,733	2,097,686	4,430	78,770,884
Associated companies and jointly controlled entities	3,373,635	(16,574)	7,715,589	415,252	(2,035)	7,735	9,122	11,502,724
Available-for-sale financial assets								108,457
Property, plant and equipment at corporate office								4,271
Prepayments, debtors and other receivables at corporate office								175,293
Amounts due from related companies at corporate office								585,231
Cash and bank balances at corporate office								<u>6,976,737</u>
Total assets								<u>98,123,597</u>
Segment liabilities	11,988,516	1,473	379,304	60,969	153,736	57,415	1,196	12,642,609
Creditors and accruals at corporate office								133,296
Taxes payable								2,704,776
Borrowings								28,457,423
Deferred tax liabilities								<u>2,460,377</u>
Total liabilities								<u>46,398,481</u>

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

	2013	2012
	HK\$'000	HK\$'000
(i) Revenues		
Total segment revenues	19,510,781	13,676,113
Less:		
Revenues of associated companies and jointly controlled entities, attributable to the Group	(3,356,909)	(1,147,358)
Revenues as presented in consolidated income statement	16,153,872	12,528,755
(ii) Profit before taxation		
AOP before finance costs and after taxation charge	4,038,209	2,512,575
Bank and other interest income - corporate	70,052	25,311
Deferred tax (charge)/credit on undistributed profits	(148,081)	3,385
Corporate administrative expenses	(236,331)	(222,136)
Finance costs	(397,589)	(287,362)
AOP after corporate items	3,326,260	2,031,773
Changes in fair value of investment properties, net of deferred taxation	819,778	938,177
Net foreign exchange gains	522,812	159,137
Amortisation of intangible assets	(52,536)	(48,158)
	1,290,054	1,049,156
Profit attributable to equity holders of the Company	4,616,314	3,080,929
Taxation charge	3,051,541	2,812,704
Profit attributable to non-controlling interests	239,042	198,571
Profit before taxation	7,906,897	6,092,204

3 Other income

	2013 HK\$'000	2012 HK\$'000
Tax indemnity from the ultimate holding company	617,208	503,477
Bank and other interest income	264,806	106,969
Interest income from jointly controlled entities, net of withholding tax (note)	128,102	80,319
Trademark fee income from jointly controlled entities	21,177	79,669
Dividend income from an available-for-sale financial asset	—	1,854
	1,031,293	772,288

Note:

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

	2013 HK\$'000	2012 HK\$'000
Share of shareholders' loan interest expenses of jointly controlled entities	(100,577)	(66,498)

4 Other gains, net

	2013 HK\$'000	2012 HK\$'000
Net foreign exchange gains	535,766	157,954
Gain on disposal of property, plant and equipment and land use rights	309,407	—
(Loss)/gain on disposal of investment properties	(4,218)	53,640
Gain on disposal of a subsidiary	—	37,592
	840,955	249,186

5 Operating profit before finance costs

	2013	2012
	HK\$'000	HK\$'000
Operating profit before finance costs is arrived at after charging:		
Cost of properties sold	8,035,776	5,023,921
Depreciation of property, plant and equipment	185,021	192,616
Amortisation of land use rights	20,703	22,362
Amortisation of intangible assets	52,536	48,158

6 Taxation charge

	2013	2012
	HK\$'000	HK\$'000
Current taxation		
PRC corporate income tax	1,301,213	769,077
PRC land appreciation tax	1,468,042	1,788,555
Deferred taxation	282,286	255,072
	3,051,541	2,812,704

Share of taxation of associated companies and jointly controlled entities for the year ended 30 June 2013 of HK\$4,204,000 (2012: HK\$6,080,000) and HK\$545,714,000 (2012: HK\$218,758,000) respectively are included in the consolidated income statement as share of results of associated companies and jointly controlled entities.

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits in Hong Kong for the year (2012: Nil). PRC corporate income tax has been provided on the estimated assessable profits of subsidiaries, associated companies and jointly controlled entities operating in the PRC at 25% (2012: 25%). PRC land appreciation tax is provided at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

7 Earnings per share

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

	2013	2012
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	4,616,314	3,080,929

	Number of shares	
	2013	2012
Weighted average number of shares for calculating basic earnings per share	8,658,244,749	7,328,152,646
Effect of dilutive potential shares:		
Share options	3,703,319	4,070,275
Convertible bonds	—	52,802,526
Weighted average number of shares for calculating diluted earnings per share	8,661,948,068	7,385,025,447

8 Dividends

	2013	2012
	HK\$'000	HK\$'000
Interim dividend paid of HK\$0.03 (2012: HK\$0.03) per share	259,903	259,375
Final dividend proposed of HK\$0.04 (2012: HK\$0.04) per share	346,686	346,034
	606,589	605,409

At a meeting held on 25 September 2013, the directors recommended a final dividend of HK\$0.04 per share. This proposed dividend is not reflected as dividend payable in these financial statements, but will be reflected as an appropriation of contributed surplus for the year ending 30 June 2014.

9 Prepayments, debtors and other receivables

Prepayments, debtors and other receivables include trade debtors, prepaid land preparatory cost, deposits for purchase of land, prepayment for proposed development projects, prepaid taxes, other prepayments, deposits and receivables. The ageing analysis of trade debtors based on invoice date is as follows:

	As at 30 June 2013 HK\$'000	As at 30 June 2012 HK\$'000
0 to 30 days	553,584	851,533
31 to 60 days	195,830	120,811
61 to 90 days	106,625	56,752
Over 90 days	1,095,356	585,479
	1,951,395	1,614,575

Sales proceed receivables in respect of sale of properties are settled in accordance with the instalment schedules as stipulated in the sales and purchase agreements. Monthly rental in respect of rental properties are payable in advance by tenants in accordance with the lease agreements. Monthly property management fees are payable in advance in accordance with the agreements.

10 Creditors and accruals

Creditors and accruals include trade creditors, retention payables of construction costs, other payables and various accruals. The ageing analysis of trade creditors is as follows:

	As at 30 June 2013 HK\$'000	As at 30 June 2012 HK\$'000
0 to 30 days	4,899,955	4,350,401
31 to 60 days	126,292	24,877
61 to 90 days	61,910	38,421
Over 90 days	371,477	330,258
	5,459,634	4,743,957

BUSINESS REVIEW

During the year under review, the Mainland China property market continued to be shadowed under the influence of government policy but has revived from 2011's slump since April 2012 supporting by concrete and genuine housing demand and moderate price increase. The Central government is determined to keep a firm grip on the purchase and property price restriction measures to curb speculative investment, while insisting on differentiated credit and tax policies and focusing on building affordable houses. Local governments sustained to fine-tune the property restriction measures and monetary easing policies, amongst others, allowing commercial banks to offer bigger discount on mortgage interest rate to first time home buyers, gradually improved the property market sentiment. In February 2013, the State Council further introduced The New Five Directives (「新國五條」) which has effectively reiterated certain existing control measures and putting pressure on local governments to regulate the compliance of the existing policies closely. The initial impact of these New Five Directives to the property market has not significantly dampened the market condition and led to market consensus that it is less likely for the central government to release further tightening policies given faltering economic recovery and varied regional conditions.

During the year under review, the Group's secured contracted sales reached RMB16,528 million with gross floor area ("GFA") of 1,274,851 sq m, representing a year-on-year increase of 69% and 63% in gross sales value and sales volume respectively. The increase in sales volume reflected positive signs of sentiment revival and gradual improvement in market condition since April 2012. Included in the remaining contracted sales secured and to be recorded, approximately 556,859 sq m GFA with gross sales proceeds of approximately RMB7,693 million are for those projects scheduled to be completed within the next 12 months and their corresponding sales revenues shall be recorded in the consolidated income statement of FY2014.

For the year ended 30 June 2013, the Group posted a profit attributable to shareholders of HK\$4,616.31 million which represents a year-on-year increase of 50% from HK\$3,080.93 million achieved in FY2012. The Group's core profit before revaluation, exchange difference and amortisation for FY2013 reported at HK\$3,326.26 million, representing an increase of 64% from HK\$2,031.77 million recorded last year. The increase was largely contributed from property sales resulting from increase in completion and recorded sales by 80% and 85% respectively. The increase in profit attributable to shareholders was attributable to the increase in core profit from aforementioned property sales and increase in net foreign exchange gains amounted to HK\$522.81 million resulted from appreciation of Renminbi by 3.6% during the year.

Analysis of Attributable operating profit

	FY2013 HK\$'000	FY2012 HK\$'000
Property sales	3,775,882	2,288,773
Land preparatory work	—	13,281
Rental operation	515,765	365,233
Hotel operation	(156,753)	(126,670)
Property management services	(98,292)	(57,591)
Hotel management services	19,907	21,874
Other operations	(18,300)	7,675
AOP before finance costs and after taxation charge	4,038,209	2,512,575
Bank and other interest income - corporate	70,052	25,311
Deferred tax (charge)/credit on undistributed profits	(148,081)	3,385
Corporate administrative expenses	(236,331)	(222,136)
Finance costs	(397,589)	(287,362)
AOP after corporate items	3,326,260	2,031,773
Changes in fair value of investment properties, net of deferred taxation	819,778	938,177
Net foreign exchange gains	522,812	159,137
Amortisation of intangible assets	(52,536)	(48,158)
	1,290,054	1,049,156
Profit attributable to equity holders of the Company	4,616,314	3,080,929

Property sales

During the year under review, the Group's attributable operating profit ("AOP") from property sales operation rose 65% from an AOP of HK\$2,288.77 million achieved in FY2012 to HK\$3,775.88 million. The overall recorded property sale volume of the Group for the year under review surged by 86% to 1,224,658 sq m with gross sale proceeds registered at approximately RMB14,804.2 million. The increase in AOP from property sales operation was mainly due to increase in property projects completion and recorded sales by over 80% during the year under review.

The Group's overall gross profit margin achieved during the year under review dropped from 49.8% achieved in FY2012 to 41.8%. The decrease in overall gross profit margin was mainly due to difference in sale mix resulted for both financial years which in turn, resulted in decreased in average selling price by 12% to RMB12,218 per sq m. In FY2012, over 53% of the recorded sales were contributed from sale of property projects in Guangzhou, of which Guangzhou Central Park-view, a high-end residential benchmark project of the Group and Guangzhou Park Paradise which had achieved comparatively higher gross profit margin of up to 69%, boosted the overall gross profit margin of property sales in FY2012. In the current year under review, recorded sales from property projects in Guangzhou contributed only 42% of total recorded sales

and approximately 40% of the recorded sales were contributed from property projects in second- and third-tier cities such as Anshan, Wuhan, Guiyang, Haikou, Changsha and Chengdu which had a relatively lower gross profit margin.

In FY2013, the Group has completed 15 property development projects for sale in Beijing, Shenyang, Anshan, Wuhan, Changsha, Guangzhou, Guiyang, Haikou and Huizhou with a total GFA of 1,487,807 sq m, comprising 1,320,667 sq m of residential, 72,582 sq m of commercial and 94,558 sq m of resident car park space. Total GFA completed for the year under review increased by 80% compared to that of FY2012.

Development property projects for sale completed in FY2013	Usage	Total GFA (sq m)	NWCL's interest
Beijing New View Garden Phase III (北京新景家園三期)	R, C	19,973	70%
Beijing Yanjing Building (北京燕京大廈)	C, P	30,627	70%
Shenyang New World Garden Phase II B (瀋陽新世界花園二期 B)	R	51,360	90%
Shenyang New World Commercial Centre Phase I (瀋陽新世界商業中心一期)	C	23,058	100%
Anshan New World Garden Phase I A (鞍山新世界花園一期 A)	R, C	115,792	100%
Anshan New World Garden Phase II A (鞍山新世界花園二期 A)	R	24,495	100%
Wuhan Guanggu New World (武漢光谷新世界)	R, C, P	171,246	100%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C	39,436	60%
Wuhan Changqing Garden Phase VIII (武漢常青花園八期)	R, C	103,242	60%
Changsha La Ville New World Phase II A (長沙新城新世界二期 A)	R, C	26,795	48%
Changsha La Ville New World Phase III A (長沙新城新世界三期 A)	R, P	176,863	48%
Guangzhou New World Oriental Garden Phase III (廣州東方新世界三期)	R	82,893	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R	120,843	100%
Guangzhou Park Paradise Phase IV B (廣州嶺南新世界四期 B)	R	39,705	100%
Guangzhou Xintang New World Garden Phase V (廣州新塘新世界花園五期)	R	71,706	63%
Guiyang Jinyang Sunny Town Phase II (貴陽金陽新世界二期)	R, C, P	161,260	50%
Haikou New World Garden Phase III (海口新世界花園三期)	R	120,365	100%
Huizhou Changhuyuan Phase III (惠州長湖苑三期)	R	108,148	63%
Total		1,487,807	

R: Residential

C: Commercial

O: Office

P: Car park

Rental operation

During the year under review, the Group's rental operation recorded an AOP of HK\$515.77 million, representing a 41% increase compared to the corresponding period last year. The significant increase in AOP from rental operation was mainly due to increase in rental contributions from Beijing New World Centre Shopping Mall of which the income was charged on turnover basis and Wuhan New World Centre, Wuhan New World International Trade Tower and Shunde New World Centre in which average rental rate had increased more than 25% during the year under review. The increase in occupancy rate at The Canton Residence and Dalian Galleria, and the re-opening of Shanghai Hong Kong New World Tower K11 Mall upon completion of renovation in January 2013 also contributed to the increase in AOP from rental operation for the year under review.

During the year under review, the Group completed 9,568 sq m retail properties and 145,619 sq m resident car park spaces.

Hotel operation

During the year under review, the AOP from hotel operation recorded at a loss of HK\$156.75 million as opposed to a loss of HK\$126.67 million recorded in the corresponding period last year. The decrease in overall AOP from hotel operation was mainly due to overall slow market and recent Central Government's anti-corruption initiatives which led to overall decrease in patronizing corporate customers and decreased AOP contribution from the Group's three hotels, namely New World Shanghai Hotel and pentahotel Beijing which were undergoing renovation during the year, and New World Shenyang Hotel which had ceased operation in November 2012. In addition, pre-operating expenses incurred for New World Beijing Hotel and New World Hotel Guiyang which are scheduled to be opened in first half of FY2014 had further reduced the AOP from hotel operation.

The Group's hotel portfolio currently comprises six hotels with 2,287 rooms.

Hotel portfolio	Number of rooms
pentahotel Beijing (北京貝爾特酒店)	307
New World Shanghai Hotel (上海巴黎春天新世界酒店)	605
pentahotel Shanghai (上海貝爾特酒店)	258
New World Dalian Hotel (大連新世界酒店)	420
New World Wuhan Hotel (武漢新世界酒店)	327
New World Shunde Hotel (順德新世界酒店)	370
Total	2,287

Hotel management services

During the year under review, the AOP from hotel management services recorded at a profit of HK\$19.91 million as compared to HK\$21.87 million recorded in FY2012. Although the AOP from hotel management services recorded a slight decrease in FY2013, the hotel management fee income had increased mainly from Rosewood Hotels and Resorts Group and secured new hotel management contracts and technical service contracts obtained during the year under review.

OUTLOOK

Li Keqiang, the Premier of the People's Republic of China, stressed repeatedly that the Central government would boost the domestic consumption to drive the adjustment of economic structure, and would accelerate the pace of urbanisation simultaneously. Urbanisation involves a shift in population from rural areas to urban cities and the enlarged coverage of infrastructures and public services to a larger rural population. There is a research pointing out that every one-percentage-point increase in the rate of urbanisation in China will lead to the growth of consumption and investment demands for various infrastructures in the amount of RMB100 billion. It is expected that the Central Government will introduce a specific plan on urbanisation in the second half of 2013. In addition, the People's Bank of China will adhere to a steady monetary policy and adjust the market liquidity in a timely manner. Generally speaking, the effective implementation of these policies could ensure the stability of China's economic reform and strengthen sustainable economic development.

Currently, the Group has entered into over 20 first-, second- and third-tier cities in Mainland China with a landbank of over 26 million sq m, of which approximately 80% of residential floor area is located in second- and third-tier cities. With China's intensified efforts in urbanisation and favourable policies for first-time home buyers, there is a huge development potential in the property markets of the second- and third-tier cities which enjoy a relatively rapid economic growth while the policy risk faced by these cities is comparatively low. In recent years, the ratio of the sales from second- and third-tier cities to the Group's total sales was gradually increasing, and the gross profit margin also maintained at a satisfactory level.

The Group will continue to focus on developing its existing landbank, shortening the project development cycles, optimising the product standardisation procedure and the centralised procurement system by regions, stringently controlling costs, closely monitoring changes in market environment, making timely and appropriate adjustment to the development plan in order to maintain satisfactory sales progress and achieve the objective of speeding up its asset turnover. Meanwhile, the Group will also continuously improve the quality of both products and services so as to provide the best living experience to its customers.

At present, the Group maintains a healthy level of net gearing ratio as well as sufficient standby credit facilities, and such solid financial position facilitates the Group to seize favourable market opportunities and respond to various challenges. Looking forward, the Group remains cautiously optimistic about the industry of property development as it will continue to be one of

the most important industries in China, and the property market will still be boosted by the rapid progress of urbanisation. Furthermore, the Group will keep a close eye on the changes in the market and enhance its comprehensive competitiveness in order to create the highest value for its stakeholders.

In FY2014, the Group plans to complete 17 properties projects for sale with a total GFA of 1,627,242 sq m, comprising 1,577,270 sq m of residential, 29,031 sq m of commercial and 20,941 sq m of office space for sale.

Properties for sale to be completed in FY2014	Usage	Total GFA (sq m)	NWCL's interest
Beijing Xin Yi Garden Phase III (北京新怡家園三期)	O, C	21,709	70%
Langfang New World Centre (廊坊新世界中心)	R, C	21,953	100%
Tianjin Xin Hui Hua Ting (天津新匯華庭)	R	190,687	100%
Jinan Sunshine Garden Phase III (濟南陽光花園三期)	R	144,339	100%
Shenyang New World Garden Phase II B (瀋陽新世界花園二期 B)	R, C	468,249	90%
Shenyang New World Commercial Centre Phase I (瀋陽新世界商業中心一期)	R	46,174	100%
Dalian New World Tower (大連新世界大廈)	R	81,664	100%
Wuhan Menghu Garden Phase III B (武漢夢湖香郡三期 B)	R	4,614	100%
Wuhan Changqing Nanyuan Phase III (武漢常青南園三期)	R, C	68,674	60%
Wuhan Changqing Garden Phase IX (武漢常青花園九期)	R, C	90,450	60%
Changsha La Ville New World Phase II A (長沙新城新世界二期 A)	R	55,316	48%
Guiyang Jinyang Sunny Town Phase II (貴陽金陽新世界二期)	R	96,265	50%
Guangzhou Park Paradise Phase IV C (廣州嶺南新世界四期 C)	R	122,727	100%
Zhaoqing New World Garden Phase IV (肇慶新世界花園四期)	R	43,618	100%
Huiyang Palm Island Resort Phase VI (惠陽棕櫚島六期)	R	17,036	59%
Zhuhai Jin Hai New World Phase IV (珠海金海新世界四期)	R	106,456	100%
Haikou Meilisha Project Phase I (海口美麗沙項目一期)	R	47,311	100%
Total		1,627,242	

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2013, the Group's cash and bank deposits amounted to HK\$19,337.20 million (30 June 2012: HK\$13,257.61 million).

The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK\$17,665.13 million (30 June 2012: HK\$15,199.81 million), translating into a gearing ratio of 30.6% (30 June 2012: 29.4%). The gearing ratio is calculated on the basis of net debts over total equity.

The Group's borrowings from banks and fellow subsidiaries and liabilities of bonds as at 30 June 2013 totalled HK\$34,464.87 million (30 June 2012: HK\$26,254.58 million) of which 18.5% were secured by way of charges over assets and 81.5% were unsecured.

The maturity profile of the Group's borrowings from banks and fellow subsidiaries and liabilities of bonds is set out as follows:

	As at 30 June 2013 HK\$'million	As at 30 June 2012 HK\$'million
Repayable:		
Within one year	5,995.17	5,538.16
Between one and two years	12,500.72	6,254.51
Between two and five years	14,175.01	12,485.69
After five years	1,793.97	1,976.22
Total	34,464.87	26,254.58

As at 30 June 2013, the Group's committed unutilised bank loan facilities amounted to HK\$3,424.27 million (30 June 2012: HK\$4,936.00 million).

Capital expenditure commitments

The capital expenditure commitments of the Group as at 30 June 2013 were HK\$3,233,588,000 (30 June 2012: HK\$4,872,232,000) of which HK\$2,900,509,000 (30 June 2012: HK\$4,480,885,000) were contracted but not provided for in the financial statements and HK\$333,079,000 (30 June 2012: HK\$391,347,000) were authorised but not contracted for. As at 30 June 2012, the Group's share of capital expenditure commitments of jointly controlled entities amounted to HK\$156,827,000. The sources of funding for capital commitments are internally generated resources and bank loan facilities.

Foreign currency exposure

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

CONTINGENT LIABILITIES

As at 30 June 2013, the Group has contingent liabilities of approximately HK\$1,640,794,000 (30 June 2012: HK\$1,851,736,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain jointly controlled entities.

As at 30 June 2013, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group and the Group's attributable portion of outstanding mortgage loans under these guarantees amounted to HK\$1,595,251,000 (30 June 2012: HK\$1,557,714,000).

DETAILS OF CHARGES ON GROUP'S ASSETS

As at 30 June 2013, the Group's property, plant and equipment, investment properties, land use rights, properties held for development and properties under development of HK\$395,817,000 (30 June 2012: HK\$419,234,000), HK\$5,400,318,000 (30 June 2012: HK\$5,093,721,000), HK\$238,343,000 (30 June 2012: HK\$235,832,000), HK\$813,670,000 (30 June 2012: HK\$771,429,000) and HK\$4,315,781,000 (30 June 2012: HK\$4,807,135,000) respectively have been pledged as securities for short term and long term bank borrowings.

MAJOR ACQUISITION OR DISPOSAL

No major acquisition or disposal undertaken by the Group during the year under review.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2013, the Group has 9,172 full-time employees. Total staff related costs incurred during the year under review were HK\$518.15 million (2012: HK\$449.57 million), of which retirement benefits were included. Remuneration of employees is reviewed annually based on assessment of individual performance. Discretionary year-end bonus was paid to employees based on individual performance.

AUDIT COMMITTEE

Audit committee was established in accordance with requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The audit committee consists of four independent non-executive directors of the Company. The audit committee has reviewed the audited financial statements for the year ended 30 June 2013 and discussed the financial related matters with management and external auditor.

CORPORATE GOVERNANCE CODE

The Company has complied with Corporate Governance Code contained in Appendix 14 to the Listing Rules during the year ended 30 June 2013, except for the following deviations:

Code provision A.2.1

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

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

Code provisions E.1.2

The code provision E.1.2 provides (among other things) that the chairman of the board should attend annual general meeting. Dr Cheng Kar-shun, Henry, the Chairman of the Board, was not able to attend the annual general meeting of the Company held on 21 November 2012 (“Meeting”) owing to other commitment in the PRC. Mr Doo Wai-hoi, William, the then Vice-chairman of the Board, took the chair of the Meeting. He and the other members of the Board and the Audit and Remuneration Committees who attended the Meeting, were of sufficient caliber for answering questions at the Meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) in Appendix 10 to the Listing Rules as the code of conduct regarding directors’ securities transactions. The Company has confirmed with the directors that they have complied with the standard set out in the Model Code during the year under review.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK\$0.04 per share in respect of the year ended 30 June 2013. The proposed final dividend, if approved at the forthcoming Annual General Meeting, will be paid on or about Monday, 30 December 2013 to the shareholders on the Register of Members as at Tuesday, 26 November 2013.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting to be held on 19 November 2013, the Register of Members will be closed from Friday, 15 November 2013 to Tuesday, 19 November 2013 (both days inclusive), during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30pm on Thursday, 14 November 2013.

The proposed final dividend is subject to the approval of the shareholders at the Annual General Meeting. For determining the entitlement to the proposed final dividend, the Register of Members will be closed for one day on Tuesday, 26 November 2013, during which period no transfer of shares will be effected. To qualify for the proposed final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30pm on Monday, 25 November 2013.

Dr Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 25 September 2013

As at the date of this announcement, the executive directors are Dr Cheng Kar-shun, Henry, Mr Cheng Kar-shing, Peter, Mr Cheng Chi-kong, Adrian, Ms Cheng Chi-man, Sonia, Mr Cheng Chi-him, Conrad, Mr Fong Shing-kwong, Michael and Ms Ngan Man-ying, Lynda; and independent non-executive directors are Dr Cheng Wai-chee, Christopher, Hon. Tien Pei-chun, James, Mr Lee Luen-wai, John and Mr Ip Yuk-keung, Albert.