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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)

INTERIM RESULTS ANNOUNCEMENT 2015/2016

RESULTS

The board of directors of New World China Land Limited (the “Company”) is pleased to announce the unaudited interim consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2015:

Condensed Consolidated Income Statement

	Note	Unaudited	
		6 months ended 31 December	
		2015	2014
		HK\$'000	HK\$'000
Continuing operations			
Revenues	2	7,300,446	8,434,173
Cost of sales		(4,931,422)	(5,407,620)
Gross profit		2,369,024	3,026,553
Other income	3	234,641	366,447
Other losses, net	4	(1,228,867)	(123)
Changes in fair value of investment properties		588,454	630,439
Selling expenses		(451,795)	(419,463)
Administrative and other operating expenses		(795,533)	(754,928)
Operating profit before finance costs	5	715,924	2,848,925
Finance costs		(145,777)	(147,800)
Share of results of associated company and joint ventures		(24,507)	179,227
Profit before taxation		545,640	2,880,352
Taxation charge	6	(857,327)	(1,306,695)
(Loss)/profit for the period from continuing operations		(311,687)	1,573,657
Discontinued operation			
Gain on disposal of discontinued operation		768,894	—
Loss for the period from discontinued operation	10	(19,603)	(94,103)
		749,291	(94,103)
Profit for the period		437,604	1,479,554

Condensed Consolidated Income Statement (Continued)

		Unaudited	
		6 months ended 31 December	
		2015	2014
	Note	HK\$'000	HK\$'000
Profit attributable to:			
Equity holders of the Company			
From continuing operations		(207,084)	1,609,328
From discontinued operation		749,291	(94,103)
		542,207	1,515,225
Non-controlling interests		(104,603)	(35,671)
		437,604	1,479,554
Earnings per share	7		
Basic (loss)/earnings per share			
From continuing operations		(2.38) cents	18.53 cents
From discontinued operation		8.62 cents	(1.08) cents
		6.24 cents	17.45 cents
Diluted (loss)/earnings per share			
From continuing operations		(2.38) cents	18.51 cents
From discontinued operation		8.61 cents	(1.08) cents
		6.23 cents	17.43 cents

Condensed Consolidated Statement of Comprehensive Income

Unaudited

6 months ended 31 December

	2015	2014
	HK\$'000	HK\$'000
Profit for the period	437,604	1,479,554
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Translation differences	(1,757,278)	740,647
Share of other comprehensive income of associated company and joint ventures	(184,846)	22,039
Release of reserves upon disposal of subsidiaries	(6,110)	—
Other comprehensive income for the period	(1,948,234)	762,686
Total comprehensive income for the period	(1,510,630)	2,242,240
Total comprehensive income attributable to:		
Equity holders of the Company	(1,374,891)	2,280,610
Non-controlling interests	(135,739)	(38,370)
	(1,510,630)	2,242,240
Total comprehensive income attributable to equity holders of the Company arising from:		
Continuing operations	(2,134,006)	2,376,940
Discontinued operation	759,115	(96,330)
	(1,374,891)	2,280,610

Condensed Consolidated Statement of Financial Position
As at 31 December 2015

		Unaudited As at 31 December 2015 HK\$'000	Audited As at 30 June 2015 HK\$'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		5,241,850	5,831,924
Investment properties		22,677,651	24,684,353
Land use rights		577,501	720,144
Intangible assets		123,417	91,030
Properties held for development		13,751,920	19,741,250
Associated company and joint ventures		14,700,228	15,598,108
Available-for-sale financial assets		4,004,215	735,860
		61,076,782	67,402,669
Current assets			
Properties under development		16,387,630	17,671,570
Completed properties held for sale		14,408,004	19,885,358
Hotel inventories, at cost		3,915	4,102
Prepayments, debtors and other receivables	9	6,948,748	11,275,453
Amounts due from related companies		212,227	301,943
Cash and bank balances, unrestricted		18,130,524	15,773,665
		56,091,048	64,912,091
Assets of disposal groups classified as held for sale	10	22,343,211	2,112,780
Non-current assets reclassified as held for sale	11	1,262,217	—
		79,696,476	67,024,871
Total assets		140,773,258	134,427,540
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		869,360	868,877
Reserves		58,300,325	59,652,293
Proposed final dividend		—	260,681
		59,169,685	60,781,851
Non-controlling interests		3,794,445	3,836,900
Total equity		62,964,130	64,618,751

Condensed Consolidated Statement of Financial Position (Continued)
As at 31 December 2015

		Unaudited	Audited
		As at	As at
		31 December	30 June
		2015	2015
	Note	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Long term borrowings		42,192,270	34,388,409
Deferred tax liabilities		3,157,875	3,522,327
		45,350,145	37,910,736
Current liabilities			
Creditors and accruals	12	7,985,189	8,890,122
Deposits received on sale of properties		6,243,425	6,045,122
Amounts due to related companies		942,691	723,334
Short term loans		—	1,001,250
Current portion of long term borrowings		6,553,940	9,775,255
Amounts due to non-controlling interests		101,313	102,756
Taxes payable		4,381,837	4,432,361
		26,208,395	30,970,200
Liabilities of disposal groups classified as held for sale	10	6,250,588	927,853
		32,458,983	31,898,053
Total liabilities		77,809,128	69,808,789
Total equity and liabilities		140,773,258	134,427,540

Notes

1 Basis of preparation

These unaudited condensed consolidated interim financial statements (the “interim financial statements”) for the six months ended 31 December 2015 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies applied in the preparation of these interim financial statements are consistent with those set out in the annual financial statements for the year ended 30 June 2015 as there are no new or revised accounting standards effective for the year ending 30 June 2016.

The following new or revised standards and amendments to standards are mandatory for the accounting periods beginning on or after 1 July 2016 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2017:

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

Effective for the year ending 30 June 2019 or after:

HKFRS 9 (2014)	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

The Group has already commenced an assessment of the impact of these new or revised standards and amendments to standards, 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, revenue from rental and hotel operation, property management services fee income, project management fee income and contracting services income.

	6 months ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
Sale of properties	6,310,673	7,136,245
Rental income	428,181	414,830
Income from hotel operation	211,790	205,892
Property management services fee income	264,842	261,863
Project management fee income	58,701	73,873
Contracting services income	26,259	341,470
	7,300,446	8,434,173

- (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, rental operation, hotel operation, property management services operations and hotel management services operations. Other operations include contracting services and ancillary services in property projects.

The executive committee assesses the performance of the operating segments based on a measure of attributable operating profit ("AOP") before finance costs and after taxation charge. This measurement basis excludes the effects of changes in fair value of investment properties, net foreign exchange (losses)/gains, amortisation and impairment of intangible assets acquired from business combinations, income and expenses at corporate office and deferred tax charge 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 condensed 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 condensed 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 condensed consolidated statement of financial position.

During the period ended 31 December 2015, the condensed consolidated results of the hotel management services are presented as discontinued operation in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. Prior period comparative segment information has been re-presented to conform with the current period presentation accordingly.

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.

6 months ended 31 December 2015	Continuing operations					Discontinued operation		Total HK\$'000
	Property sales	Rental operation	Hotel operation	Property management services	Other operations	Sub-total	Hotel management services	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenues								
Company and subsidiaries								
Total revenues	6,369,374	447,309	211,790	320,003	28,657	7,377,133	335,260	7,712,393
Inter-segment revenues	-	(19,128)	-	(55,161)	(2,398)	(76,687)	(17,324)	(94,011)
External revenues	6,369,374	428,181	211,790	264,842	26,259	7,300,446	317,936	7,618,382
Associated company and joint ventures - attributable to the Group	226,865	238,641	94,107	56,291	-	615,904	-	615,904
	6,596,239	666,822	305,897	321,133	26,259	7,916,350	317,936	8,234,286
Segment bank and other interest income	34,282	6,907	664	909	244	43,006	42	43,048
AOP before finance costs and after taxation charge								
Company and subsidiaries	815,849	171,875	(54,836)	(67,608)	(13,927)	851,353	762,622	1,613,975
Associated company and joint ventures	(13,937)	111,932	(62,299)	(673)	6,569	41,592	-	41,592
	801,912	283,807	(117,135)	(68,281)	(7,358)	892,945	762,622	1,655,567
Additions to non-current assets other than financial instruments	6,208,577	1,552,338	490,631	1,582	412,133	8,665,261	6,047	8,671,308
Depreciation and amortisation	42,233	3,654	106,774	1,849	767	155,277	3,971	159,248
Share of results of associated company and joint ventures	(134,073)	176,221	(67,626)	(673)	1,644	(24,507)	-	(24,507)

As at 31 December 2015	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment assets	62,527,036	25,583,152	3,305,014	320,183	1,874,577	93,609,962
Associated company and joint ventures	5,871,811	8,735,895	115,993	(26,540)	3,069	14,700,228
Available-for-sale financial assets						4,004,215
Property, plant and equipment at corporate office						9,618
Prepayments, debtors and other receivables at corporate office						17,420
Cash and bank balances at corporate office						4,826,387
Assets of disposal groups classified as held for sale						22,343,211
Non-current assets reclassified as held for sale						<u>1,262,217</u>
Total assets						<u>140,773,258</u>
Segment liabilities	13,727,510	906,657	85,925	303,188	80,402	15,103,682
Creditors and accruals at corporate office						256,379
Amount due to related companies at corporate office						51,787
Taxes payable						4,242,607
Borrowings						48,746,210
Deferred tax liabilities						3,157,875
Liabilities of disposal groups classified as held for sale						<u>6,250,588</u>
Total liabilities						<u>77,809,128</u>

6 months ended 31 December 2014	Continuing operations					Discontinued operation		Total
	Property sales	Rental operation	Hotel operation	Property management services	Other operations	Sub-total	Hotel management services	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenues								
Company and subsidiaries								
Total revenues	7,210,118	439,480	205,892	313,289	343,370	8,512,149	277,661	8,789,810
Inter-segment revenues	-	(24,650)	-	(51,426)	(1,900)	(77,976)	(13,041)	(91,017)
External revenues	7,210,118	414,830	205,892	261,863	341,470	8,434,173	264,620	8,698,793
Associated company and joint ventures - attributable to the Group	794,836	252,146	91,837	58,454	-	1,197,273	-	1,197,273
	8,004,954	666,976	297,729	320,317	341,470	9,631,446	264,620	9,896,066
Segment bank and other interest income	38,070	10,722	511	1,037	411	50,751	757	51,508
AOP before finance costs and after taxation charge								
Company and subsidiaries	1,107,767	188,226	(61,233)	(60,455)	(11,307)	1,162,998	5,617	1,168,615
Associated company and joint ventures	189,585	117,445	(63,153)	(751)	6,781	249,907	-	249,907
	1,297,352	305,671	(124,386)	(61,206)	(4,526)	1,412,905	5,617	1,418,522
Additions to non-current assets other than financial instruments								
Depreciation and amortisation	43,624	2,785	104,893	2,295	646	154,243	30,674	184,917
Impairment of intangible assets	-	-	-	-	-	-	56,375	56,375
Share of results of associated company and joint ventures	89,369	158,078	(69,929)	(751)	2,460	179,227	-	179,227

As at 30 June 2015	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment assets	79,064,918	26,638,864	3,974,571	333,206	1,493,800	111,505,359
Associated company and joint ventures	6,516,546	9,006,784	156,800	(84,424)	2,402	15,598,108
Available-for-sale financial assets						735,860
Property, plant and equipment at corporate office						8,868
Prepayments, debtors and other receivables at corporate office						13,708
Amounts due from related companies at corporate office						202,793
Cash and bank balances at corporate office						4,250,064
Assets of disposal groups classified as held for sale						<u>2,112,780</u>
Total assets						<u>134,427,540</u>
Segment liabilities	14,944,497	298,539	105,387	298,141	91,789	15,738,353
Creditors and accruals at corporate office						212,814
Taxes payable						4,242,528
Borrowings						45,164,914
Deferred tax liabilities						3,522,327
Liabilities of disposal groups classified as held for sale						<u>927,853</u>
Total liabilities						<u>69,808,789</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:

	6 months ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
(i) Revenues		
Total segment revenues	7,916,350	9,631,446
Less:		
Revenues of associated company and joint ventures, attributable to the Group	(615,904)	(1,197,273)
Revenues as presented in condensed consolidated income statement	7,300,446	8,434,173
(ii) Profit before taxation		
Total AOP before finance costs and after taxation charge	1,655,567	1,418,522
AOP from discontinued operation	(762,622)	(5,617)
AOP before finance costs and after taxation charge	892,945	1,412,905
Bank and other interest income - corporate	81,758	61,570
Deferred tax charge on undistributed profits	(35,754)	(10,280)
Corporate administrative expenses	(153,051)	(141,598)
Finance costs	(152,086)	(193,999)
AOP after corporate items	633,812	1,128,598
Changes in fair value of investment properties, net of deferred taxation	453,653	470,341
Net foreign exchange (losses)/gains	(1,294,549)	10,389
	(840,896)	480,730
(Loss)/profit attributable to equity holders of the Company	(207,084)	1,609,328
Taxation charge	857,327	1,306,695
Loss attributable to non-controlling interests	(104,603)	(35,671)
Profit before taxation	545,640	2,880,352

3 Other income

	6 months ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
Tax indemnity from the ultimate holding company	112,868	223,759
Bank and other interest income	86,489	110,301
Interest income from joint ventures, net of withholding tax (note)	319	32,387
Others	34,965	—
	234,641	366,447

Note:

The property projects of the Group's joint ventures have been partly financed by the Group in the form of equity capital and unsecured shareholder's advances. The interest income from joint ventures is recognised when the payment of interest has been approved by the Group's joint ventures. The Group's attributable share of shareholders' loan interest expenses of joint ventures is included in the share of results of joint ventures as follows:

	6 months ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
Share of shareholders' loan interest expenses of joint ventures	(248)	(25,589)

4 Other losses, net

	6 months ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
Net foreign exchange (losses)/ gains	(1,246,574)	6,433
Gain/(loss) on disposal of investment properties	25,688	(6,556)
Loss on remeasuring previously held equity interests of a joint venture at fair value upon further acquisition as a subsidiary	(7,981)	—
	(1,228,867)	(123)

5 Operating profit before finance costs

	6 months ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
Operating profit before finance costs is arrived at after charging:		
Cost of properties sold	4,198,884	4,405,813
Depreciation of property, plant and equipment	143,190	141,905
Amortisation of land use rights	12,087	12,338

6 Taxation charge

	6 months ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
Current taxation		
PRC corporate income tax and withholding tax	527,598	421,668
PRC land appreciation tax	213,158	698,728
Deferred taxation	116,571	186,299
	857,327	1,306,695

Share of taxation of associated company and joint ventures for the six months ended 31 December 2015 of HK\$113,726,000 (2014: HK\$264,236,000) is included in the condensed consolidated income statement as share of results of associated company and joint ventures.

No provision for Hong Kong profit tax has been made as the Group has no estimated assessable profits in Hong Kong for the period (2014: Nil). PRC corporate income tax has been provided on the estimated assessable profits of subsidiaries, associated company and joint ventures operating in the PRC at 25% (2014: 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 (loss)/earnings per share for the period is based on the following:

	6 months ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
(Loss)/profit attributable to equity holders of the Company arising from:		
Continuing operations	(207,084)	1,609,328
Discontinued operation	749,291	(94,103)
	542,207	1,515,225

	Number of shares	
	6 months ended 31 December	
	2015	2014
Weighted average number of shares for calculating basic earnings per share	8,689,885,752	8,684,803,683
Effect of dilutive potential shares:		
Share options	8,962,348	6,596,148
Weighted average number of shares for calculating diluted earnings per share	8,698,848,100	8,691,399,831

8 Interim dividends

The directors have resolved not to declare an interim dividend for the six months ended 31 December 2015 (2014: Nil).

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 31 December 2015 HK\$'000	As at 30 June 2015 HK\$'000
0 to 30 days	728,631	723,946
31 to 60 days	30,595	541,948
61 to 90 days	63,695	285,012
Over 90 days	1,043,781	1,083,423
	1,866,702	2,634,329

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 Discontinued operation and disposal groups classified as held for sale

On 3 July 2015, the Group entered into the sales and purchase agreement with Chow Tai Fook Enterprises Limited, the substantial shareholder of New World Development Company Limited, the immediate and ultimate holding company of the Group, to sell its entire interest in New World Hotel Management (BVI) Limited, its subsidiaries and a joint venture (collectively referred to as the "Disposal Hotel Group") and to assign and transfer of the shareholder's loan. The Disposal Hotel Group is engaged in the provision of worldwide hotel management services, which is not the core business of the Group. The disposal of Disposal Hotel Group was completed on 29 December 2015 for an aggregate consideration of HK\$2,753,000,000 with a gain on disposal of HK\$768,894,000.

The Group entered into sales and purchase agreements with a wholly-owned subsidiary of Evergrande Real Estate Group Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, on 2 December 2015 and 29 December 2015, to sell its entire interest in Hinto Developments Limited, Dragon Joy (China) Limited, White Heron Limited, Superb Capital Enterprises Limited, Best Wealth Investments Limited, Triumph Hero International Limited, Rise Eagle Worldwide Limited and their subsidiaries and joint ventures (collectively referred to as the “Disposal Property Group”) and to assign and transfer of the shareholders’ loans for an aggregate consideration of RMB20,800,000,000 (equivalent to HK\$24,910,180,000). The Disposal Property Group is engaged in the provision of property sale and investment in Wuhan, Huiyang, Haikou, Guiyang and Chengdu.

As at 31 December 2015, the assets and liabilities related to the Disposal Property Group have been presented as held for sale and the condensed consolidated results of the Disposal Hotel Group for the six months then ended are presented as discontinued operation in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

The results of Disposal Hotel Group for the period are presented below:

	6 months ended 31 December	
	2015	2014
	HK\$’000	HK\$’000
Revenue	317,936	264,620
Cost of sales	(187,911)	(169,023)
Gross profit	130,025	95,597
Other income	42	757
Other gains/(losses), net	96	(56,983)
Administrative and other operating expenses	(115,301)	(100,041)
Operating profit/(loss) before finance costs	14,862	(60,670)
Finance costs	(13,426)	(14,768)
Profit/(loss) before taxation	1,436	(75,348)
Taxation charge	(21,039)	(18,665)
Loss for the period from discontinued operation	(19,603)	(94,103)

The major classes of assets and liabilities of Disposal Hotel Group and Disposal Property Group classified as held for sale are as follows:

	As at 31 December 2015 HK\$'000	As at 30 June 2015 HK\$'000
Assets		
Property, plant and equipment	1,333,225	13,729
Investment properties	2,694,135	—
Land use rights	100,780	—
Intangible assets	—	1,693,855
Properties held for development	10,080,707	—
Associated company and joint ventures	1,049,727	—
Properties under development	4,255,189	—
Completed properties held for sales	1,352,011	—
Hotel inventories, at cost	3,025	—
Prepayments, debtors and other receivables	626,303	149,925
Cash and bank balances	848,109	165,021
Deferred tax assets	—	34,000
Other assets	—	56,250
Assets of disposal groups classified as held for sale	22,343,211	2,112,780

	As at 31 December 2015 HK\$'000	As at 30 June 2015 HK\$'000
Liabilities		
Long term borrowings	2,338,525	818,072
Creditors and accruals	936,976	92,846
Deposits received on sale of properties	2,489,405	—
Amounts due to related companies	22,358	—
Taxes payables	100,181	16,935
Deferred tax liabilities	363,143	—
Liabilities of disposal groups classified as held for sale	6,250,588	927,853

11 Non-current assets reclassified as held for sale

The Group entered into an agreement in October 2015 to sell a portion of the investment properties to a third party at a consideration of RMB1,200,028,000 (equivalent to HK\$1,437,159,000) and accordingly, the respective portion of the investment properties are classified as held for sale.

12 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 31 December 2015 HK\$'000	As at 30 June 2015 HK\$'000
0 to 30 days	5,229,473	6,582,749
31 to 60 days	11,562	14,445
61 to 90 days	19,127	70,172
Over 90 days	619,398	852,431
	5,879,560	7,519,797

BUSINESS REVIEW

During the period under review, the Mainland China property market continued its steady progress to improvement with positive developments on the regulatory policy and supportive policies to reinforce healthy long-term development of the property market and reviving the sluggish property market and slowing economy. Home-prices continued to rise at a moderate pace with polarized performance in different tier cities. The People's Bank of China (the "PBOC") had cut the benchmark lending interest rates five times and reduced reserve ratio requirement for commercial banks four times during the year 2015 bringing the one-year benchmark lending interest rate to 4.35% per annum. In October 2015, the Central Government announced another supportive measure to lower the minimum down payment for first-time home-buyer from 30% to 25% in cities that do not have purchase restrictions. On 2 February 2016, the PBOC announced a further 5% cut in the minimum down payment for first-time home-buyer to 20%. These moves are in line with the Central Government goal to accelerate the sell-down process of unsold inventory of new home in lower tier cities.

According to the data announced by National Bureau of Statistics, the overall sales of commodity housing for the 12 months to December 2015 had increased by 6.5% in gross floor area ("GFA") and increased by 14.4% in sales revenue amount compared to the corresponding period in 2014. Benefiting from the easing measures and loosening credit policies, the Group successfully accomplished to exceed its contracted sales planned target for first half of FY2016 and achieved RMB12.3 billion contracted sales proceeds and 734,426 sq m in GFA, represents a year-on-year increase of 71% and 46% in contracted sales proceeds and GFA respectively.

For the period ended 31 December 2015, the Group's core profit before revaluation, exchange difference, amortisation and impairment of intangible assets reported at HK\$1,383.00 million, representing an increase of 23.5% from HK\$1,119.45 million recorded in the same period last year. The increase in core profit was largely attributable to disposal gain on Rosewood Hotel Group of approximately HK\$769 million recorded during the period under review. Such increase was off-set by the decrease in attributable operating profit ("AOP") from property sales resulted from cyclical effect of decrease in recorded sales arising from decrease in completion of GFA by 54.6% and combined effect of decrease in gross profit margin and average selling price of property sales by approximately 6.3% and 9.5% respectively compared to the corresponding period last year. The Group's profit attributable to shareholders posted at HK\$542.21 million, representing a decrease of 64.2% compared to the corresponding period last year. The decrease in profit attributable to shareholders was mainly due to recorded exchange loss of HK\$1,246.6 million arising from devaluation of Renminbi by 4.4% since June 2015.

Analysis of Attributable operating profit

	6 months ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Property sales	801,912	1,297,352
Rental operation	283,807	305,671
Hotel operation	(117,135)	(124,386)
Property management services	(68,281)	(61,206)
Hotel management services	762,622	5,617
Other operations	(7,358)	(4,526)
AOP before finance costs and after taxation charge	1,655,567	1,418,522
Bank and other interest income – corporate	81,758	61,570
Deferred tax charge on undistributed profits	(35,754)	(10,280)
Corporate administrative expenses	(153,051)	(141,598)
Finance costs	(165,511)	(208,767)
AOP after corporate items	1,383,009	1,119,447
Changes in fair value of investment properties, net of deferred taxation	453,653	470,341
Impairment of intangible assets	—	(56,375)
Amortisation of intangible assets	—	(27,968)
Net foreign exchange (losses)/gains	(1,294,455)	9,780
	(840,802)	395,778
Profit attributable to equity holders of the Company	542,207	1,515,225

Property sales

During the period under review, the Group's AOP from property sales operation recorded at HK\$801.91 million, representing a 38.2% decrease as compared to AOP from property sales of HK\$1,297.35 million achieved in the corresponding period last year. The decrease in AOP from property sales was mainly resulted from cyclical decrease in volume of completed projects by 54.6% from last year's completion of 522,702 sq m to 237,535 sq m completed during the period under review and planned deferral in launching the sale of high-end villas in Shenzhen New World Signature Hill and high-rise residential units in Shenzhen New World Yi Shan Garden to maximise their returns and benefits from tapping the rising trend of property prices in the region. Thus, the overall recorded property sales of the Group for the period under review decreased by 11.1% in volume comparing to the corresponding period last year to 443,016 sq m with recorded gross sale proceeds of approximately RMB5,782.70 million.

The Group's overall gross profit margin recorded during the period under review was 34.1%, representing a 6.3% decrease from the overall gross profit margin of 40.4% recorded in the corresponding period last year. The decrease in overall gross profit margin was mainly due to difference in recorded sales mix of both periods. Approximately 47% of the recorded property sales for the period under review were from projects located in second- and third-tier cities,

namely, Anshan New World Garden, Foshan Canton First Estate, Jinan New World Sunshine Garden, Chengdu New World Riverside, Dalian New World Tower, Guiyang Jinyang Sunny Town and Tianjin Glorious Place, which had an average profit margin of below 25%. The recorded sale from these projects constituted approximately 34% of the total recorded sale of the first half of FY2015.

During the period under review, the Group's average selling price recorded a decrease of RMB1,409 per sq m to RMB13,461 per sq m, representing a 9.5% decrease as compared to the average selling price achieved in the corresponding period last year. The decrease in average selling price was attributable to different product mix in recorded sales mix of both periods, for which 72% of the recorded sales for the period under review were from projects located in first- and second-tier cities, whilst approximately 84% of recorded sales for the corresponding period last year were from first- and second-tier cities.

In the first half of FY2016, the Group has completed three property development projects for sale in Guangzhou, Langfang and Tangshan with a total GFA of 237,535 sq m, comprising 114,021 sq m of residential, 13,149 sq m of commercial properties, 37,984 sq m of office space and 72,381 sq m of resident carpark space.

Development property projects for sale completed in 1H FY2016	Usage	Total GFA (sq m)	NWCL's interest
Langfang New World Centre District C (廊坊新世界中心 C 區)	R, C, O, P	124,667	100%
Tangshan New World Centre Phase II (唐山新世界中心二期)	R, C, P	77,596	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R	35,272	100%
Total		237,535	

R: Residential

C: Commercial

O: Office

P: Carpark

Rental operation

During the period under review, the Group's AOP from rental operation recorded at HK\$283.81 million, representing a 7.1% decrease as compared to the corresponding period last year. The decrease in AOP from rental operation was mainly attributable to decrease in AOP contributions from Wuhan New World Centre after disposal of portion of the office space and closure of Wuhan New World Department Store since November 2014 and decrease in rental yield from Beijing New World Centre resulted from the tenants' slower retail business. The decrease was mitigated by the increase in AOP from Guangzhou Central Park View resulted from improvement in occupancy rate and increase in AOP from Wuhan New World International Trade Tower as a result of increase in average rental rate upon renewal of tenancy contracts.

During the period under review, the Group completed 36,883 sq m of commercial properties and 47,799 sq m office space located at Tangshan.

Hotel operation

During the period under review, the AOP from hotel operation recorded at a loss of HK\$117.14 million as opposed to a loss of HK\$124.39 million recorded in the corresponding period last year. The increase in AOP from hotel operation was mainly due to improvement in gross operating profit from pentahotel Beijing and New World Guiyang Hotel.

The Group's hotel portfolio currently comprises eight hotels with 2,855 rooms.

Hotel portfolio	Number of rooms
pentahotel Beijing (北京貝爾特酒店)	307
New World Beijing Hotel (北京新世界酒店)	309
New World Shanghai Hotel (上海巴黎春天新世界酒店)	558
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
New World Guiyang Hotel (貴陽新世界酒店)	306
Total	2,855

OUTLOOK

In 2015, Mainland China's GDP grew by 6.9%. Despite being the slowest over the past 25 years, the growth rate was in line with the around 7% target set out by the Central Government. For 2015 as a whole, the consumer price index rose 1.4% comparing to last year while the producer price index dropped 5.2% year-on-year, which was an indication that the domestic demand remained weak. The producer price index has been dropping for 46 consecutive months, signifying a continuous overcapacity in Mainland China market, as well as the deflationary pressure caused by the much pressured global commodity prices.

Stepping into 2016, "supply-side reform" will be the focal point of Mainland China's economic policy. The first and foremost is to resolve overcapacity in the industrial sector by actively driving competition amongst enterprises. As weaker players are eliminated, a reshuffled configuration of the major elements in manufacturing will be eventually achieved. As abnormal fluctuations occurred in the stock market of Mainland China and problems in the financial market happened frequently in 2015, the authorities will adopt decisive measures to take precautions against financial risks, resolve local debt risks and lower corporate burdens in response to the situation. Public entrepreneurship and civic innovation will be encouraged. Effective supply will also be broadened to support weak growth areas.

On the front of the real estate market, the present mortgage borrowing rates for personal housing have been reduced to a five-year low after a series of rate cuts. This has effectively lowered the cost of home purchase and stimulated demand for housing consumption. On the other hand, the Central Government launched a number of relaxing policies on the housing provident fund loan in 2015, and lowered the minimum down-payment ratio requirement. Local governments are actively following up to actualise the goal of stabilising housing consumption. Measures such as adjusting the threshold and raising the credit limit of the provident fund loan, as well as driving the mutual recognition of provident fund deposits across different locations became the most important policies to expand demand in 2015. As policies loosened, the turnover of the Mainland China property market gradually picked up in the second half of 2015. Furthermore, following the announcement of lifting home purchase restrictions in various cities in 2014, measures to restrain home purchase by foreign institutions and persons, which has been implemented for 10 years, also came to its official end in 2015. With home purchase restrictions and measures to restrain home purchase by foreign institutions and persons gradually exiting, the market expects the gradual lift of administrative restraints and measures designed to control the property market.

At the Central Economic Work Conference convened at the end of 2015, the policy objective to resolve real estate inventories in future was proposed. Both rigid and improvement demands have been released in large quantities by rounds of policy stimulations in the past, but the remaining demand is inadequate to digest the vast property inventories in third- and fourth-tier cities at the moment. As such, the Central Government proposed the solutions to clear up inventories that encouraged agricultural population to become true urban citizens and to create a new home-buying cluster. This has provided a clear direction for the real estate policies in 2016. The market believes that the relevant departments will heighten their efforts to push ahead the reform of the household registration system, to lower the threshold for home purchase of farmers

and to speed up urbanisation of the population. This would release the consumption potentials of the agricultural migrants and drive consumption in housing and electrical appliances. Supply-side reform is conducted on the basis of the systems. Besides, local governments can increase their efforts in offering financial subsidies to agricultural workers to buy their home for the first time in the city, and studying how to include agricultural workers into the coverage of housing provident fund.

Looking into 2016, with economic downward pressure and risk of deflation, the Central Government is expected to maintain a relatively loose monetary policy to support steady development of economy. The market also anticipates the authorities to continue launching measures that are favourable for the real estate market, including the investigation of settling tax with housing loan interests, adjusting the loan threshold of and raising the credit limit of the housing provident fund. Since the property markets in first- and several popular second-tier cities have significantly warmed up, whilst third- and fourth-tier cities are still encountering problems of accumulated inventory, the authorities will continue to uphold the principles of “classification guidance, localisation implementation”. In other words, real estate policies that have targeted objectives and are differentiated on the basis of actual circumstances of various cities will be implemented as an active measure to promote turnover in the market. Overall, it is hopeful that the turnover of the real estate market will gradually increase in 2016.

While the Chinese economy is going through a change-of-gear period during which accelerated growth has slowed down to a medium-high pace growth, the Central Government has robust financial strength and is adopting effective measures to maintain economic stability. As such, the risk of “hard landing” is relatively low. Besides, as the Central Government launches a number of economic development programmes such as “One Belt, One Road”, “Beijing-Tianjin-Hebei integration” and “capacity expansion of free trade zones”, the medium- to long-term momentum to drive domestic economic growth is expected to enhance. At the same time, the domestic urbanisation strategy and salary increase of residents are both favourable to the healthy development of the domestic real estate market in long run. Therefore, the Group is highly confident about the prospects of Mainland China’s economic development, and we will continue to seize market opportunities and appropriately augment our investment in Mainland China in future. Currently, the Group has landbank of 11.18 million sq m, covering over 13 first-, second- and third-tier cities in Mainland China. Going forward, the Group will focus its resources to develop projects with relatively high profit margin in first- and 1.5-tier cities in Mainland China, and will continue to strengthen cost control, enhance asset turnover and actively exert our competitive edges to tailor the finest products and services for our customers.

In the second half of FY2016, the Group plans to complete 8 property projects for sale with a total GFA of 576,230 sq m, comprising 464,038 sq m of residential, 73,757 sq m of commercial and 38,435 sq m of office space for sale. As the number of completed projects will rise in the second half of FY2016, the recorded property sales is expected to increase accordingly.

Properties for sale to be completed in 2H FY2016	Usage	Total GFA (sq m)	NWCL's interest
Langfang New World Centre District A and C (廊坊新世界中心 A 區及 C 區)	R, C	136,917	100%
Langfang New World Garden District 3 (廊坊新世界花園三區)	R	101,319	100%
Shenyang New World Garden Phase I West District A (瀋陽新世界花園一期西區 A)	C, O	43,906	100%
Anshan New World Garden Phase III A (鞍山新世界花園三期 A)	R	84,087	100%
Wuhan Menghu Garden Phase III A and C (武漢夢湖香郡三期 A 及 C)	R, C	50,215	100%
Yiyang New World Scenic Heights Phase I A and C (益陽新世界梓山湖畔一期 A 及 C)	R, C	21,681	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R, C	59,720	100%
Zhaoqing New World Garden Phase III (肇慶新世界花園三期)	R, C	78,385	100%
Total		576,230	

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2015, the Group's cash and bank deposits amounted to HK\$18,130.52 million (30 June 2015: HK\$15,773.67 million).

The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK\$30,615.69 million (30 June 2015: HK\$29,391.25 million), translating into a gearing ratio of 48.6% (30 June 2015: 45.5%). The gearing ratio is calculated on the basis of net debts over total equity.

The Group's borrowings from banks and fellow subsidiaries, liabilities of bonds and notes payable as at 31 December 2015 totalled HK\$47,735.76 million (30 June 2015: HK\$43,029.32 million) of which 16.2% were secured by way of charges over assets and 83.8% were unsecured.

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

	As at 31 December 2015 HK\$'million	As at 30 June 2015 HK\$'million
Repayable:		
Within one year	6,553.94	10,776.50
Between one and two years	7,045.75	5,738.10
Between two and five years	32,466.82	24,177.16
After five years	1,669.25	2,337.56
Total	47,735.76	43,029.32

As at 31 December 2015, the Group's committed unutilised bank loan facilities amounted to HK\$9,407.00 million (30 June 2015: HK\$8,161.75 million).

Capital expenditure commitments

The capital expenditure commitments of the Group as at 31 December 2015 of HK\$3,734,591,000 (30 June 2015: HK\$4,611,133,000) were contracted but not provided for in the financial statements. 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 period under review, the Group has not used any foreign currency derivative product to hedge its exposure to currency risk.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group has contingent liabilities of approximately HK\$2,990,525,000 (30 June 2015: HK\$3,202,816,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain joint ventures.

As at 31 December 2015, the Group has 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\$2,595,758,000 (30 June 2015: HK\$2,239,958,000).

DETAILS OF CHARGES ON GROUP'S ASSETS

As at 31 December 2015, the Group's property, plant and equipment, investment properties, land use rights, properties held for development and properties under development of HK\$4,189,547,000 (30 June 2015: HK\$1,316,473,000), HK\$8,170,811,000 (30 June 2015: HK\$5,425,703,000), HK\$234,740,000 (30 June 2015: HK\$248,728,000), HK\$384,561,000 (30 June 2015: HK\$1,051,715,000) and HK\$7,001,310,000 (30 June 2015: HK\$6,234,373,000) respectively have been pledged as securities for long term bank borrowings.

MAJOR ACQUISITION OR DISPOSAL

On 3 July 2015, New World Development (China) Limited ("NWDC"), a wholly owned subsidiary of the Group, entered into the Sales and Purchase Agreement with Chow Tai Fook Enterprises Limited to sell its entire equity interest in New World Hotel Management (BVI) Limited ("NWHM") together with related outstanding shareholder's loan and accrued interest due and owing by NWHM to NWDC for an aggregate cash consideration of HK\$2,753,000,000. The disposal was completed on 29 December 2015 at a gain of approximately HK\$768,894,000.

On 2 December 2015 and 29 December 2015, NWDC entered into the Sales and Purchase Agreements with Shengyu (BVI) Limited, an indirect wholly owned subsidiary of Evergrande Real Estate Group Limited to sell its entire issued share capital in Hinto Developments Limited, Dragon Joy (China) Limited, White Heron Limited, Superb Capital Enterprises Limited, Best Wealth Investments Limited, Triumph Hero International Limited, Rise Eagle Worldwide Limited and their subsidiaries and joint ventures (collectively referred to as the “Disposal Property Group”) and to assign and transfer of the shareholders’ loans for an aggregate consideration of RMB20,800,000,000 (equivalent to HK\$24,910,180,000). The Disposal Property Group is engaged in the provision of property sale and investment in Wuhan, Huiyang, Haikou, Guiyang and Chengdu. The completion of disposal of most of the Disposal Property Group has been duly executed as at the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group has 10,825 full-time employees. Total staff related costs incurred during the period under review were HK\$413.65 million (2014: HK\$354.31 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 unaudited financial statements for the six months ended 31 December 2015 and discussed the financial related matters with management and external auditor. The unaudited interim financial statements of the Group for the six months ended 31 December 2015 have been reviewed by the Group’s external auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

The directors have resolved not to declare an interim dividend for the six months ended 31 December 2015 (2014: Nil).

CORPORATE GOVERNANCE CODE

The Company has complied with Corporate Governance Code contained in Appendix 14 to the Listing Rules during the six months ended 31 December 2015, except for the following deviation:

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.

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 period under review.

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

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

Dr Cheng Kar-shun, Henry
Chairman and Managing Director

Hong Kong, 23 February 2016

As at the date of this announcement, the executive directors are Dr Cheng Kar-shun, Henry, Mr Cheng Kar-shing, Peter, Dr 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.