New World Development Company Limited
(Stock Code: 0017)

Interim Report 2018/2019

The Artisanal Movement

WE CREATE, WE ARE ARTISANS

The Artisanal Movement

is a cultural vision, a philosophy for living.

In the age of machines, we want to celebrate something

more human and kindle the artisan spirit in us.

Through Collect, Connect, Collide,

The Artisanal Movement becomes an incubator for ideas,

and a channel for audiences to experience them.

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Financial Highlights

	Unaudited For the six months ended 31 December 2018 HK$m	2017 HK$m
Revenues	**49,267.1**	27,935.4
Segment results*	**12,338.6**	8,114.5
Other (losses)/gains, net	**(115.8)**	1,144.7
Changes in fair value of investment properties	**6,341.7**	7,167.9
Profit attributable to shareholders of the Company	**11,284.4**	11,269.9
Underlying profit	**5,396.1**	4,198.6

	Unaudited As at 31 December 2018 HK$m	Audited As at 30 June 2018 HK$m
Cash and bank balances	**51,990.5**	63,456.1
Net debt[(1)]	**92,177.2**	74,859.0
Total equity	**258,964.3**	255,181.9
Gearing ratio[(2)]	**35.6%**	29.3%

(1) The aggregate of bank loans, other loans, fixed rate bonds and notes payable less cash and bank balances
(2) Net debt divided by total equity
* Segment results include share of results of joint ventures and associated companies, but exclude changes in fair value of investment properties

Chairman's Statement

TO OUR SHAREHOLDERS,

One's value system is a sustained belief and a goal pursued in one's lifetime; it is gradually established as time changes, as knowledge grows and as experience accumulates. It appears in multiple gradations, and our values and behaviours are closely linked to urban development. It is a miniature of human voices and values, and testimony to the course of historic and cultural development.

At the ceremony to celebrate the 40^{th} anniversary of reform and opening up of China, President Xi Jinping of China proposed that human society will be able to progress better, if we seize the development trend of history, grasp the opportunities presented by changes in history and keep forging ahead proactively with endeavours and aggressiveness.

Through its unique multi-brand ecosystem, the Group satisfies the needs of customers with its intrinsic abundance. New World Development will continue to diligently operate its businesses of property development and property investment in Hong Kong. Apart from a series of unique style and high quality residential projects, the completion of Victoria Dockside in Tsim Sha Tsui, a landmark that has drawn attention throughout the region, signifies the initiation of the growing stage in contribution of our recurring income.

Pursuant to its new positioning under the slogan "Soul of the City", New World China builds cities with souls and inner beings in Mainland China, from the perspective of a city operator. Going forward, its development in Guangdong-Hong Kong-Macao Greater Bay Area will focus on urban complex projects and urban redevelopment projects. Meanwhile, other listed companies under the Group will also contribute their best to the Group according to their respective positions and roles.

The year ahead will mark the 70^{th} anniversary of the founding of New China and a pivotal year in the efforts to build a fully moderately prosperous society. On a new milestone for development, the Central Government will further procure the formation of a strong domestic market, press ahead with all-rounded opening up, and expedite high-quality development of its economy. With full support from our motherland, Hong Kong will better fit in to the overall picture of the nation's development, the Belt and Road initiative and the Guangdong-Hong Kong-Macao Greater Bay Area Development, which will bring forth ample development opportunities to Hong Kong.

As China turns a new leaf in its development, the Group is fully confident of its prospects. We are well-prepared to provide the best choices that meet the diversified needs of urban development and people's living, by extensively leveraging on our own strengths, adhering to the value that guides the development of our time, and bringing our visionary wisdom into full play.

Dr. Cheng Kar-Shun, Henry
Chairman
Hong Kong, 27 February 2019

Executive Vice-chairman's Report

BUSINESS REVIEW

In 1HFY2019, revenues of the Group amounted to HK$49,267.1 million, up 76%. It was mainly attributable to the outperformance in the property development operations in Hong Kong.

Property development segment recorded a 202% increase in revenues, it was mainly due to our visionary sales strategies in Hong Kong during the second quarter in 2018, which significantly enhanced the booking contribution from property development. In 1HFY2018, Hong Kong property development segment revenues was mainly attributable to the contribution from The Masterpiece, THE PAVILIA HILL and the Double Cove Series. In 1HFY2019, THE PAVILIA BAY, MOUNT PAVILIA, ARTISAN HOUSE, FLEUR PAVILIA, THE PAVILIA HILL, PARK VILLA and THE PARKVILLE had driven the performance in this segment.

Property investment segment reported an increase in revenues by 33%. It was mainly due to 1) the full period contribution by K11 ATELIER at Victoria Dockside in Hong Kong and Wuhan Guanggu K11; 2) internal reorganisation enhancing both operations and cost management and 3) organic growth in rental of existing properties. In fact, the overall rental and occupancy of the key flagship projects in the Hong Kong and Mainland China investment properties portfolio have recorded a satisfactory performance.

For the Group's segment results of 1HFY2019, it was amounted to HK$12,338.6 million, up 52%. It was mainly attributable to the increase in contribution from property development and property investment, up 88% and 23% respectively. Segment results related to properties amounted to 81% of the total segment results.

For property development, segment results derived from Hong Kong increased by 687%. It was mainly attributable to the substantial increase in the number of residential projects recognised in 1HFY2019 when compared to 1HFY2018. Majority of the units were sold before the consolidation of Hong Kong property market in the fourth quarter of 2018. Overall gross margin from Hong Kong property development segment of 27% was recorded.

Segment results in property development derived from Mainland China decreased by 21%. It was mainly attributable to the different mix of residential projects recognised in 1HFY2019 and 1HFY2018. The increased corporate expenses in property development and the taxation of associated companies and joint ventures also attenuated the segment contribution. Overall gross profit margin from Mainland China property development segment of 35% was recorded in 1HFY2019.

Investment property in Hong Kong achieved an overall satisfactory performance. The solid contribution from key properties including Hong Kong K11, D • PARK, New World Tower, Manning House, Telford Plaza and KOHO, together with the full period contribution of K11 ATELIER at Victoria Dockside was achieved. Of which, the occupancy of K11 ATELIER has already surpassed 80% and the latest rental rate has reached HK$110 per sq ft. The satisfactory performance of the abovementioned key properties mitigated the negative effects from the pre-opening expenses incurred by Victoria Dockside and the renovation expenses of selected projects.

Segment results in property investment derived from Mainland China increased by 48%. It was mainly due to improved contribution from the flagship projects in Beijing, Wuhan, Shanghai and Guangzhou. In addition, the Group has optimised its internal structure enhancing both operations and cost management, which also provided a positive effect on the segment results derived from Mainland China.

Net other loss of HK$115.8 million was mainly attributable to the net loss on fair value of financial assets at fair value through profit or loss of certain interest rate swap transactions hedging for the expected interest rate hike, together with the net exchange loss recorded as the change in foreign exchange rate of RMB and USD during the period under review.

The Group reported gain in fair value of investment properties (including associated companies and joint ventures) of HK$6,404.6 million in 1HFY2019 which was benefited by the robust office market outlook and continuous low vacancy rate recorded, together with the rebound in Hong Kong retail market. Over 90% of the contribution was attributed by Hong Kong portfolio, especially from the Victoria Dockside and the enhancement of the flagship commercial projects in Hong Kong. The revaluation gains on investment properties in Mainland China recorded an improved performance with new projects kicked in.

Taxation for 1HFY2019 increased by 32%, it was mainly due to the higher taxation incurred from the increase in the property sales in Hong Kong.

Segment performance (HK$ million)	1HFY2019 Revenue	1HFY2019 Segment results*	1HFY2018 Revenue	1HFY2018 Segment results*
Property development				
Hong Kong	**21,007.3**	**5,734.6**	1,273.7	729.1
Mainland China	**8,898.0**	**3,150.5**	8,619.9	3,997.3
	29,905.3	**8,885.1**	9,893.6	4,726.4
Property investment				
Hong Kong	**940.4**	**705.4**	834.1	640.1
Mainland China	**845.7**	**451.9**	510.2	304.5
	1,786.1	**1,157.3**	1,344.3	944.6
Hotel operations				
Hong Kong	**332.6**	**4.2**	313.1	72.5
Mainland China	**212.9**	**(69.2)**	325.7	(73.5)
Southeast Asia	**138.8**	**4.5**	116.5	16.1
	684.3	**(60.5)**	755.3	15.1
Service	**13,510.8**	**251.9**	12,653.9	378.8
Infrastructure	**1,453.8**	**2,052.0**	1,352.6	1,936.6
Department stores	**1,733.6**	**149.9**	1,772.8	116.3
Others	**193.2**	**(97.1)**	162.9	(3.3)
Total	**49,267.1**	**12,338.6**	27,935.4	8,114.5

* Segment results include share of results of joint ventures and associated companies and exclude changes in fair value of investment properties.

During the period under review, profit attributable to shareholders of the Company amounted to HK$11,284.4 million. Underlying profit amounted to HK$5,396.1 million, increased by 29%, mainly excluding changes in fair value of investment properties. In 1HF2018, the Group's underlying profit amounted to HK$4,198.6 million.

The basic earnings per share from underlying businesses of the Group increased by 23% to HK$0.53. Net gearing amounted to 35.6%.

The Group adopted HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") from 1 July 2017 which replaces HKAS 18 "Revenue" ("HKAS 18") and the related interpretations that relate to the recognition, classification and measurement of revenue and costs.

Hong Kong property development

In 2018, with the commencement of monetary policy normalisation in a number of major economies and the four interest rate hikes in the United States, Hong Kong also embarked upon its first increase in prime lending rate in December 2018 in line with the new round of rate hike cycle in the United States. At the same time, continuing escalation in trade conflict between China and the United States fueled market concerns over the slackening of economic growth. In addition, measures were introduced by the Hong Kong Government to curtail price soars otherwise underpinned by inadequate supply, including the proposed introduction of additional rates on vacant primary private residential units, and the proposed amendment to the "Lands Department Consent Scheme" to stipulate that the minimum number of residential units at each time of the project launch.

In the context of the abovementioned factors, positive sentiment dwindled in Hong Kong property market, where developers slowed down their pace of project launches, leading to a 16% decrease in the number of sale and purchase agreements for primary private residential units to 15,633 with 9% decrease in the aggregate value to HK$219.5 billion in 2018. In regards of the prudent stance of potential buyers, developers' conservative market pricings in recent launches, coupled with the offer of additional incentives to encourage purchases, successfully unleashed the demand of potential buyers under the backdrop of tight market supply of the residential units, that in turn brought back the positive market sentiment.

During the period under review, the Group's revenues and segment contributions from property development in Hong Kong, including joint development projects, amounted to HK$21,007.3 million and HK$5,734.6 million, respectively. The contributions were mainly attributable to residential projects including THE PAVILIA BAY, MOUNT PAVILIA, ARTISAN HOUSE, FLEUR PAVILIA, THE PAVILIA HILL, PARK VILLA and THE PARKVILLE.

During the period under review, the Group's attributable contracted sales in Hong Kong amounted to HK$3.4 billion. The attributable contracted sales were mainly contributed by residential projects including FLEUR PAVILIA, MOUNT PAVILIA, The Masterpiece and the Double Cove series, together with the disposal of two non-residential projects. As at mid-February 2019, attributable contracted sales of HK$4.1 billion was achieved.

The Group will fine-tune the pace of new project launches in response to market conditions and provides home purchasers with choices and experience to their satisfaction. As at December end 2018, the Group had a total of approximately 750 residential units available for sale, of which, 232 residential units are under the lead of the sales management of the Group.

The Group actively plans to launch ARTISAN GARDEN in To Kwa Wan, Waterloo Road project in Ho Man Tin and Lung Tin Tsuen project in Yuen Long, to provide over 840 residential units in aggregate. Tai Wai Station project in Sha Tin with approximately 3,000 residential units will be gradually put in the market by phases in FY2020.

The Group pioneered the market by creating Hong Kong's first property-purchase blockchain platform, in collaboration with Hong Kong Applied Science and Technology Research Institute Company Limited. Bank of China (Hong Kong) is the first bank to participate and apply the new platform to its services. Advanced blockchain technology allows the platform to provide an all-in-one support service to new unit's buyers, banks and related parties. With the collaboration, PropTech (Property Technology) is the breakthrough that will fundamentally reshape Hong Kong's real estate industry, saving time and resources in the property-buying process. New unit's buyers will soon enjoy a fast and convenient user experience in the "New Era of Property-Purchase 2.0", coming on-stream in the second quarter of 2019.

Residential units available for sales of the launched projects as at 31 December 2018

Project	The Group's interest	Development status	Total number of units available for sales
FLEUR PAVILIA	40%	Completed	130
MOUNT PAVILIA	63%	Completed	88
The Masterpiece	100%	Completed	7
THE PAVILIA BAY	80%	Completed	4
ARTISAN HOUSE	100%	Completed	1
THE PAVILIA HILL	85%	Completed	2
Babington Hill	10%	Completed	60
Double Cove (Phase 1-4)	32%	Completed	85
Reach Summit	21%	To be completed	375
Other JV projects		Completed	5
Total			**757**

New projects in pipeline

Project	The Group's interest	Total no. of units	Remarks
ARTISAN GARDEN	100%	294	Pre-sales consent obtained
Waterloo Road project	51%	240	Old building redevelopment
Lung Tin Tsuen project	100%	313	Farmland conversion
Total		**847**	

Hong Kong property investment and others

Tourist arrivals continued to rebound in 2018. The commencement of operation of the Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link and Hong Kong-Zhuhai-Macao Bridge further stimulated Mainland China tourist to Hong Kong, with more than 65 million tourist arrivals recorded in 2018, up 11%. The growth in tourist arrivals has led the increase in Hong Kong's total retail sales, with a provisional estimation of 9% increase in 2018. At the Central Economic Work Conference held in December 2018, the Central Government reiterated the need to procure strong domestic demand and rolled out policies to stimulate spending, including the exemption and cut-back of personal income tax to uplift spending power, while the Ministry of Commerce also advocated consumption upgrade. These can aid in counteracting the negative consumer sentiment under economic uncertainties.

Furthermore, the market is concerned about a slowdown in global economic growth in future. Enterprises embarked upon adjusting and reviewing their development pace and expansion plan. The leasing appetite of Chinese enterprises was also adversely affected by the downside pressure. On the contrary, rental rates and occupancies remained solid in the core Central area, attributable to the lack of new supply of high quality office spaces. Selected sub-prime office clusters including Island East and Kowloon West benefited from the spillover effect of Central. The offices in Kowloon West are riding on the opening of the Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link in September 2018 and the rental performance was enhanced.

During the period under review, the Group's gross rental income in Hong Kong amounted to HK$940.4 million, an increase of 13%, attributable to the enhancement in rental performance of major projects, together with the full period contribution from K11 ATELIER at Victoria Dockside.

The development of Victoria Dockside, a new global landmark located at the core area of Tsim Sha Tsui waterfront in Kowloon, has been progressing well. K11 ATELIER, the super Grade A offices at Victoria Dockside, had been completed and in operation. The first batch of multinational corporations moved in during the fourth quarter of 2017. Currently, the occupancy rate is over 80%.

K11 MUSEA is an ambitious project situated in the heart of Victoria Dockside. Entailing an innovative experiential museum-retail concept, the project is set to turn over a new leaf for the retail industry of Hong Kong. Currently, over 80% are committed.

K11 ARTUS is the first hospitality extension of K11, a global high-end lifestyle brand materialising the pioneered creativity and shaping up a unique hospitality culture. K11 ARTUS comprises 287 suites, offering flexible rental plans from short to long-term stays to accommodate the needs of guests. It is scheduled to open in summer 2019.

Rosewood Hong Kong, as part of the multi-use tower, will open in March 2019.

In addition, the Avenue of Stars, which connects Victoria Dockside, reopened in January 2019. Mr. James Corner, a world renowned landscape architect and designer, together with a number of international and local designers, brings a number of innovative and interactive elements to the attraction. Avenue of Stars will become the focus of millions of overseas and local visitors.

Area breakdown of Victoria Dockside	**Total GFA (sq ft '000)**
K11 ATELIER	435
K11 MUSEA (including the portion of 12 Salisbury Road, Tsim Sha Tsui)	1,157
K11 ARTUS	380
Rosewood Hong Kong + Rosewood Residences	1,106
Total	**3,078**

Hong Kong K11 recorded an occupancy rate of 97% during the period under review, with an average monthly footfall of approximately 1.5 million. Currently, major renovation for Hong Kong K11 has commenced and it will redesign interior zoning to optimise the flexibility of retail space, and adjust tenant mix, targeting end of 2019 for phase completion.

Located in the centre of Tsuen Wan, D • PARK positions itself as a multiple intelligence kids mall. Its prime location and diversified tenant mix have successfully enhanced footfall and leasing performance. During the period under review, it recorded an occupancy rate of 95% with an average monthly footfall of approximately 3.6 million.

For office buildings, benefited from the low vacancy rate at prime locations of Central, New World Tower and Manning House, the Group's two Grade A office buildings at the core area of Central, reported strong occupancy rate and rental performance. The gross rental income of New World Tower achieved single digit growth with the office portion occupancy rate recorded at 99%.

K11 ATELIER King's Road on Island East will debut in 2019. This office project is adjacent to the Quarry Bay MTR station with a total GFA of approximately 480,000 sq ft and the pre-leasing has begun. It is the first office building in the world awarded WELL Standard Pre-Certification Platinum Level and is the first to introduce the Vertical Creative City concept. It is created for the next-generation workforce, and fosters a community for enterprises, entrepreneurs and disruptors.

Meanwhile, the development of King Lam Street office project in West Kowloon is in good progress. This high-end office project, with a total GFA of approximately 1 million sq ft acquired in early year with a reasonable price, will offer a unique experience and services in that blooming office cluster and bring new recurring income contribution.

Hong Kong landbank and other projects

In recent years, the Central Government stresses on guarding against financial risks, financing has been tightened and some Chinese enterprises have cut back their land biddings in Hong Kong. Meanwhile, with the high volatility in the investment market amidst international political and economic tensions, tightened monetary policies in major economies, lowered global economic growth forecast and the new round of property policies, local property developers in Hong Kong have re-assessed the direction of the real estate market and the value of land going forward, and become more prudent in land bidding and bid price setting.

Tight supply in Hong Kong land resources is an undoubtable fact. Hong Kong Government has increased the ratio of public housing to private housing on the newly added land from the current 60/40 to 70/30, which means that the supply of private residential development land will be further reduced. Nevertheless, the Lands Department announced its work plan for year 2019, including the establishment of a land supply section to coordinate cases under its land sale programme and large-scale land exchange applications and has planned to kick off land resumption work at North East New Territories (Phase 1) and Yuen Long Wang Chau (Phase 1). It is expected the abovementioned issues will help fill up land supply in a certain extent.

It is always the Group's policy to resort to diversified channels for the replenishment of its landbank in Hong Kong. Apart from public tenders, the Group has been actively undertaking old building acquisitions and farmland conversions, in order to secure a stable supply of land resources for future development.

In November 2018, the Group through its participated consortium won a successful bid for the first residential site located at the former runway of Kai Tak at a consideration of HK$8.3 billion. The project has a total GFA of approximately 574,000 sq ft and the Group's interest is 29.3%.

Acquisition of over 80% ownership of State Theatre Building, a residential and commercial property located at No. 277 to 291 King's Road in North Point, has been completed by the Group during the period under review. The site area of this old building redevelopment project is approximately 36,200 sq ft and the application for compulsory sale under the "Land (Compulsory Sale for Redevelopment) Ordinance" has been made to the court.

As at 31 December 2018, the Group had a landbank in Hong Kong for immediate development with an attributable total GFA of approximately 9.6 million sq ft, of which approximately 4.2 million sq ft is for property development.

Meanwhile, the Group had an agricultural landbank in New Territories with an attributable total site area of approximately 17 million sq ft pending for land use conversion. Eight projects that are located in Yuen Long South and Fanling are under active negotiation with the corresponding bureau on usage conversion, with total GFA of 1.6 million sq ft, in particular, GFA of approximately 0.5 million sq ft are in the final stages.

Landbank by district	**Property development Attributable total GFA (sq ft '000)**	**Property investment Attributable total GFA (sq ft '000)**
Hong Kong Island	165	488
Kowloon	1,752	1,099
New Territories	2,290	3,862
Total	**4,207**	**5,449**

Agricultural landbank by district	**Total site area (sq ft '000)**	**Attributable site area (sq ft '000)**
Yuen Long District	12,580	11,581
Northern District	2,601	2,246
Sha Tin District and Tai Po District	1,955	1,901
Sai Kung District	1,309	1,118
Tuen Mun District	19	19
Total	**18,464**	**16,865**

Meanwhile, the contract for the design, construction and operation of the Kai Tak Sports Park has been awarded to the Kai Tak Sports Park Limited, a subsidiary of the Group and NWSH, in December 2018. The Kai Tak Sports Park is Hong Kong's most important investment in sports infrastructure in decades and the project involves the development of a 50,000-seat main stadium, an indoor sports centre with a 10,000-seat main arena and a 500-seat ancillary sports hall, a 5,000-seat public sports ground, commercial facilities, all surrounded by extensive public open space.

The contract for the Kai Tak Sports Park is for 25 years, including four to five years for design and construction and approximately 20 years of operation. The Hong Kong Government will fund fully all the construction costs, while Kai Tak Sports Park Limited is required to cover all operating costs and pay the Government 3% of the gross income plus HK$1,724 million during the operation period. The construction works will commence in the first quarter of 2019 and are scheduled for completion in 2023.

Mainland China property development

At the Central Economic Work Conference held by the Central Government from 19 to 21 December in 2018, it was reiterated that residential units are for living in, not for speculation, and that a main theme of long-standing mechanism should be formed. The importance of city-specific control policies and category-based guidance was also stressed. Upholding the spirit of the Central Economic Work Conference, the Ministry of Housing and Urban-Rural Development expressed at its work conference 2019 that it is important to form and keep enhancing a long-standing mechanism for the real estate market, to guard against and reconcile risks associated with the real estate market, maintain stability of austerity measures, strengthen adjustments in both supply and demand, and support the demand for owner-occupied housing.

In 2018, austerity measures on the real estate market were launched for more than hundred times in Mainland China. The selling prices of newly-built commodity housings in different tiers of cities have been consolidated as austerity measures proved effective. Market expected that the property market will see steady development in 2019 and the main direction of austerity measures will not change substantially, the fine-tuning in policies of individual cities will be further implemented in accordance to the market fundamentals to achieve the effect of preventing risks in the property market.

The Group's property business in Mainland China is operated by its wholly-owned subsidiary NWCL. During the period under review, the revenues and segment results of property development in Mainland China, including joint development projects, amounted to HK$8,898.0 million and HK$3,150.5 million, respectively. The contribution was mainly attributable to the sales of Guangzhou Covent Garden, Guangzhou Park Paradise, Guangzhou Foshan Canton First Estate, Shenyang New World Garden, Wuhan New World • Times and Beijing New World • Li Zun.

During the period under review, overall property contracted sales in Mainland China reached 313,000 sq m in GFA and RMB9,338 million in gross sales proceeds. The average selling price of overall residential contracted sales is RMB32,700 per sq m, an increase of 61%. The major contributors were Guangzhou Covent Garden, Guangzhou Park Paradise, Guangzhou Foshan Canton First Estate, Ning Zhu Zun Fu of Ningbo New World and Shenyang New World Garden.

As for the geographical distribution of contracted sales proceeds, Southern region being the largest contributor, accounted for 58%, followed by North-eastern region and Eastern region, accounted for 20% and 13%, respectively.

	Residential contracted sales		Non-residential contracted sales	
Region	**Area (sq m '000)**	**Proceeds (RMB million)**	**Area (sq m '000)**	**Proceeds (RMB million)**
Southern region	136	5,329	3	87
Central region	6	153	10	119
Eastern region	25	1,224	–	–
Northern region	18	486	3	30
North-eastern region	75	1,280	37	630
Total	**260**	**8,472**	**53**	**866**

The GFA of development property completed (excluding carpark) during the period under review amounted to 265,000 sq m, majority is residential in key cities including Guangzhou, Foshan and Shenyang. It is expected to reach 870,000 sq m in FY2019.

1HFY2019 project completion in Mainland China – Development property

Project/GFA (sq m)	**Residential**	**Commercial**	**Total (excluding carpark)**	**Total (including carpark)**
Guangzhou Foshan Canton First Estate CF-27A	–	–	–	12,025
Guangzhou Foshan Canton First Estate CF-29	–	–	–	67,178
Guangzhou Foshan Canton First Estate CF-20 Phase 2	37,017	–	37,017	37,017
Guangzhou Dong Yi Garden Phase 5	23,735	–	23,735	23,735
Yiyang New World Scenic Height Phase 1D	16,850	–	16,850	16,850
Yiyang New World Scenic Height Phase 1E	24,574	1,139	25,713	25,713
Shenyang New World Garden Phase 2D – 2	161,583	–	161,583	161,583
Total	**263,759**	**1,139**	**264,898**	**344,101**

1HFY2019 project completion in Mainland China – Investment property, hotel and others

Project/GFA (sq m)	Commercial	Total (excluding carpark)	Total (including carpark)
Guangzhou Dong Yi Garden Phase 5	–	–	2,947
Shenyang New World Garden Phase 2D – 2	7,514	7,514	7,514
Total	**7,514**	**7,514**	**10,461**

2HFY2019 Estimated project completion in Mainland China – Development property

Project/GFA (sq m)	Residential	Commercial	Office	Total (excluding carpark)	Total (including carpark)
Guangzhou Foshan Canton First Estate CF-20 Phase 2	12,092	–	–	12,092	19,392
Guangzhou Park Paradise District 3 Phase 1 (A1-A7)	136,671	–	–	136,671	136,671
Ningbo New World Plaza Plot 11	–	9,702	58,051	67,753	90,010
Langfang New World Garden District 2	55,379	7,249	–	62,628	62,628
Langfang New World Centre District A	–	–	–	–	33,651
Anshan New World Garden Phase 1 B1	63,885	14,472	–	78,357	97,782
Shenyang New World Commercial Centre Phase 2	–	25,266	51,405	76,671	76,671
Shenyang New World Garden 2E	97,665	–	–	97,665	97,665
Shenyang New World Centre – SA3	73,233	–	–	73,233	73,233
Total	**438,925**	**56,689**	**109,456**	**605,070**	**687,703**

2HFY2019 Estimated project completion in Mainland China – Investment property, hotel and others

Project/GFA (sq m)	Commercial	Hotel	Total (excluding carpark)	Total (including carpark)
Guangzhou Park Paradise District 5 Plot 1	22,763	–	22,763	35,365
Guangzhou Park Paradise District 3	90,726	–	90,726	90,726
Guangzhou Park Paradise District 3 Phase 1	–	–	–	95,435
Guangzhou Foshan Canton First Estate CF-21*	3,379	–	3,379	3,379
Langfang New World Centre District A	–	40,192	40,192	40,192
Shenyang New World Centre	–	69,751	69,751	69,751
Shenyang New World Commercial Centre Phase 2	–	–	–	19,354
Shenyang New World Garden 2E	–	–	–	40,878
Shenyang New World Garden 2D – 2	–	–	–	86,648
Total	**116,868**	**109,943**	**226,811**	**481,728**

* Kindergarten

Mainland China property investment and others

Whilst the full year total retail sales of consumer goods of China was in excess of RMB38 trillion in year 2018 representing a year-on-year increase of 9%, such growth diminished from 10.1% in March to 8.2% in December 2018. The Central Government pushed forward the supply-side structural reform to give rise to improving domestic demand, stressing the importance of an enhanced consumption environment and product quality, and implemented the exemption and cut-back of personal income tax to uplift the disposable income of people and in turn unleash their purchasing power.

Under the consumption upgrade advocated by the Ministry of Commerce, in 2018, the value of some upgraded consumer goods continued to rise, with a continually expanding proportion of cosmetics, communication devices, home appliances and audio equipment, sports and entertainment products in the total retail sales of consumer goods achieved by entities above designated size. This has testified the accomplishment of the consumption upgrade advocated by the government, and illustrated the preferences of the millennial generation. Meanwhile, cooperations across industry sectors were also happening frequently, integrating and utilising the customer resources of enterprises in different industry sectors, speeding up their online and offline setups, utilising new technologies and technological products, to expand their respective customer bases and achieve greater customer loyalty.

During the period under review, the Group recorded a gross rental income of HK$845.7 million in Mainland China with an increase of 66%. The growth was mainly due to the fact that the Group has optimised its internal structure that enhanced both operations and cost management, together with the new projects such as Wuhan Guanggu K11 started to contribute. Major projects recorded satisfactory occupancy.

On 22 December, 2018, NWCL's 500,000 sq m large-scale commercial complex "New World · NEW PARK" was opened. The project is located at the core gateway of Baiyun New City in Guangzhou North Business hub with comprehensive connections to all major transportation network. Through the mutual integration of natural landscape and business, the project creates a unique garden-style shopping innovation experience for consumers with the MALL+PARK model.

Mainland China landbank

The Group maintains full confidence in the economic prospect and passion of investing in Mainland China. In November 2018, NWCL launched a new corporate campaign called "Soul of the City", which is based on the idea of humanity and cultural heritage. Focusing on urban complexes and through its strategic masterplan, NWCL provides a quality living environment and extraordinary experience for the market. With years of experience in Mainland China market, the excellence of its professional team and abundant resources, the Group successfully implemented its goal of strategical positioning in the Guangdong-Hong Kong-Macao Greater Bay Area ("the Greater Bay Area").

After series of projects acquired in Shenzhen Qianhai, Shenzhen Prince Bay and Guangzhou Zengcheng, the Group moved another step forward in the Greater Bay Area during the period under review. In November 2018, NWCL engaged in joint development of a parcel of land at Hanxi Changlong in Guangzhou, by acquiring 65% of the equity interest from a subsidiary of Guangzhou Metro Group which was the holder of the land parcel. Located at a key transportation hub at the South China Cluster in Guangzhou Panyu District, the project has a total GFA of more than 290,000 sq m, with not more than 50% for residential, and will be developed into an urban complex comprising commercial, offices and residences, with a scheduled full completion in 2022.

In addition, NWCL actively engaged in old city redevelopment. During the period under review, following the announcement of voting results of the cooperation agreement of the Shiweitang Street Shancun Joint Economic Cooperation Association in Liwan District, Guangzhou, NWCL has become the intentional cooperative enterprise for the redevelopment of the Village of Shancun. The Shancun old village redevelopment project is located in a prime location which is adjacent to four subway lines and the mature living cluster of Guangzhou Covent Garden, which is set to be another new key focus of the Group in Guangzhou.

As at 31 December 2018, the Group had a landbank in Mainland China excluding carpark for immediate development with a total GFA of approximately 7 million sq m, of which 4.2 million sq m is for residential use. The major property development projects, spreading across those core cities including Guangzhou, Foshan, Shenzhen, Wuhan, Ningbo, Beijing and Shenyang, had a landbank excluding carpark with a total GFA of approximately 5.7 million sq m, of which 49% are located in the Greater Bay Area and 3 million sq m is for residential use.

Landbank by location	**Total GFA excluding carpark (sq m '000)**	**Total GFA including carpark (sq m '000)**
Southern region	2,844	3,471
Central region	1,168	1,642
Eastern region	525	829
Northern region	708	1,171
North-eastern region	1,791	2,143
Total	**7,036**	**9,256**

Landbank by type	**Total GFA excluding carpark (sq m '000)**	**Total GFA including carpark (sq m '000)**
Major Projects*	5,671	7,548
Other Projects	1,365	1,708
Total	**7,036**	**9,256**

* Including projects in the Greater Bay Area, Beijing-Tianjin-Hebei Area, Central China, Ningbo and North-eastern China

Infrastructure and Service

Having served the Greater China region for decades, NWSH has been a firm believer in the nation's excellent economic outlook. With solid business portfolio and excellent project management capability, NWSH has provided many of life's conveniences and in the meantime it has also provided steady and sustainable cash flow. Leveraging the team's bold and innovative thinking, NWSH are optimising its business portfolio through acquisitions of quality businesses with robust growth potential and disposal of non-core asset, NWSH is perfecting its sustainable business framework to offer new services to new clients and attain strong business growth.

During the period under review, the contributions from NWSH businesses were partly offset or affected by the devaluation of RMB, as well as changes in operating costs and structures of individual businesses. Nevertheless, the main operations of NWSH remain fundamentally sound, with a solid and steady performance.

The traffic flow of roads business recorded steady growth. Of which, the portfolio in the Greater Bay Area had achieved an outstanding performance with 28% increase in traffic flow. Environment business has been progressing steadily to take NWSH into different areas of environmental pursuit and geographical markets. The new projects launched by SUEZ NWS ("SNL") and Chongqing Derun Environment will lay the foundation for the future growth of NWSH environment business. Of which, SNL delivered steady growth, with its average daily waste treatment volume grew by 6% and the overall water and wastewater treatment volume increased by 2%.

Construction business, another major contributor to NWSH, enjoys strong recurring cashflows with a high level of visibility. The successful bid for the construction management services contract for Kai Tak Sports Park during the period under review will further strengthen the business portfolio. As at 31 December 2018, the gross value of contracts on hand for the construction business was approximately HK$39.1 billion and the remaining works to be completed amounted to approximately HK$22.1 billion.

In recent years, NWSH has been assessing different opportunities which include optimising its business portfolio, realising value through asset sales, and improving the efficiency of resources utilisation. At the same time, NWSH proactively expands and explores into businesses that are compatible with NWSH corporate philosophy to boost future cashflow contributions and sustainable growth prospects, while enhancing the corporate value.

In the aviation business, the acquisition of Sky Aviation Leasing International Limited will continue to augment its leading position in the aircraft leasing business and generate sustainable recurring income for NWSH. During the period under review, NWSH's aviation portfolio grew from 111 to 166 aircrafts and the average age of the aircraft as at 31 December 2018 was 3.7 years, while the customer base comprised 62 airlines in 33 countries with narrow-body aircraft representing 85% of the portfolio.

In December 2018, NWSH entered into a share purchase agreement to purchase the entire issued share capital of FTLife Insurance Company Limited ("FTLife"). NWSH considers the transaction as a unique opportunity to extend the ecosystem of premium products and services into the highly promising insurance sector. Potential synergies with FTLife include building greater interaction, stronger connection and cross-promotion opportunities between FTLife's premium customers and NWSH affluent customer base; a stronger partnership with NWSH's expanding healthcare and wellness portfolio; and leverage the Group's extensive resources in the Greater Bay Area to expand the business presence in the region.

The transaction is subject to the relevant regulatory approvals and fulfilment and/or waiver of other conditions as set out in NWSH's announcement dated 27 December 2018. Upon completion of the transaction, FTLife will become an indirect wholly-owned subsidiary of NWSH.

Hotel

The Group's premium hotel projects in Hong Kong primarily serving business and high-end travellers are the main source of income of the existing hotel operations. During the period under review, the average occupancy rate of Grand Hyatt Hong Kong was recorded at 83%. Adjacent to the Hong Kong Convention and Exhibition Centre, Renaissance Hong Kong Harbour View Hotel continued to enjoy the benefits from conferences and exhibitions, with the average occupancy rate rising to 85%. The Hyatt Regency Hong Kong, located in a prime spot of Tsim Sha Tsui, Kowloon, achieved an average occupancy rate of 94%.

In Mainland China, the three hotels of different segments operated by the Group in Beijing have all recorded satisfactory performance with average occupancy rates ranging from 80% to 88% during the period under review.

Rosewood Hong Kong, a magnificent new ultra-luxury property situated within Victoria Dockside, the arts, design and conceptual retail district, will open in March 2019, heralding a series of inaugural "firsts" for the brand and setting Rosewood apart in Hong Kong's luxury hospitality landscape. Rosewood Hong Kong will offer 413 guestrooms and suite, together with 186 luxury Rosewood Residences.

Showcasing Rosewood's signature progressive event philosophy, and reflecting the refined spirit of the estate, 34,450 sq ft of luxurious meetings and event space will be enhanced by one of Hong Kong's few truly private garden venues, with an elegantly landscaped lawn with immersive views overlooking Victoria Harbour. In addition, the 10,700 sq ft of pillarless Grand Ballroom and 10,700 sq ft of The Pavilion of residential style event space including the 3,122 sq ft Pavilion Hall with dramatic floor-to-ceiling windows will be offered.

As at 31 December 2018, the Group had a total of 15 operating hotel properties in Hong Kong, Mainland China and Southeast Asia, providing over 6,000 guest rooms.

Department stores

As the development trends of the global and mainland economies become more complicated, the Chinese retail sector is also faced with industrial challenges from multiple directions. Consumers now prefer a change towards higher quality, implying that consumption habits are turning more unique. The number of commercial complexes, which comprise retail, food and beverage, entertainment and experience, is growing dramatically, leading to more intense business competition and affecting the traditional department store business. The new management team of NWDS shall respond to changes with a prudent and pragmatic attitude, as well as embrace opportunities to seek steady development.

During the period under review, NWDS same-store sales dropped by 8.3%. The growth in the last corresponding period was 2.0%. The commission income from concessionaire sales was the major income contributor to NWDS, accounted for 41.3% of the total revenue. Proceeds from direct sales and rental income accounted for 35.5% and 23.2% of the total revenue respectively. By region, the Northern China region contributed the most to the revenue of NWDS, amounting to 51.2% of total revenue, followed by the Eastern China region and the Central Western China region, which accounted for 32.8% and 16.0% of the total revenue respectively.

During the period under review, NWDS effectively closed three stores, namely Yancheng New World Department Store, Shenyang New World Department Store – Zhonghua Road Branch Store and Wuhan New World Department Store – Hanyang Branch respectively. As at 31 December 2018, NWDS operated and managed a total of 32 stores and two shopping malls in Mainland China with total GFA of over 1.35 million sq m.

Outlook

As the global politics, economic development and international order restructuring, the contest in geopolitics and protectionism persists, creating conflicts in the world. The quantitative easing policy adopted by certain major economies begins to take a turn, signifying that quantitative easing era is approaching its end and countries need to adapt to the new economy. On the other hand, trade friction between China and the United States, the uncertainty in development prospects of emerging markets and Brexit are clouding global economic sentiment. A number of international organisations, including the World Bank and the International Monetary Fund, lowered the global economic growth forecast for 2019 and raised the alertness over economic risks.

During the prolonged reshaping of global order, any slight move by a country in its internal and external affairs may entail extensive changes across the globe. Only through mutual understanding and rational negotiations can a consensus be reached. In the course of the US-China trade talks, Chinese President Xi Jinping has expressed his will for China and the United States to cooperate in a respectful manner and to take a step back in pursuance of a resolution to trade disputes in a congratulatory message to the US President Donald Trump. With the increasing downward pressure faced by the current global economy, avoidance of an escalation in trade disputes serves the interest of China and the United States to the interest of the world. Positive speeches delivered by the two leading countries indicate that both sides are moving in a positive direction.

Adhering to the Central Government's fundamental stance of "seeking progress while maintaining stability" for its economic growth, China's economy will shift towards high-quality development. The Central Government is pushing ahead with the supply-side structural reform to speed up the development of new technology, science and infrastructure. It will adopt proactive fiscal and flexible monetary policies to cut reserve requirement ratio and support market liquidity, while relaxing restrictions on the market access and further opening of sectors to foreign investment, technology and talents. The advocacy on consumption upgrade has stimulated China's domestic consumption and strengthened the domestic demand. All of these policies will be beneficial in offsetting the impacts on China's economy brought by external headwind in the future.

The integration of Hong Kong into the overall national development will bring economic benefits. The commissioning of the Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao Bridge, along with Liantang Boundary Control Point approaching its completion, will form a well-developed transportation network and further strengthen the connection and interaction between Hong Kong and Mainland China, which is beneficial for Hong Kong to consolidate and enhance its position as an international financial, shipping and trading centre and an international aviation hub under the Greater Bay Area and The Belt and Road initiatives, and in turn assists Hong Kong in contributing to the economic efficiency and development potentials in the Greater Bay Area, turning a new page for Hong Kong's economic development.

The global economy is rising to various challenges and adjustments, in which new opportunities will arise. The Group will closely monitor the market trend in order to capture development opportunities and enhance brand equity through the artisan spirit under The Artisanal Movement. Embodying the core principles of "Collect, Connect, Collide", the Group is committed to constructing a diversified ecosystem and strengthen its strategic layout in the Greater Bay Area.

The Group will actively seek different solutions, optimise management structure and operation model, cost reduction, improve efficiency and increase return, in order to enhance shareholders' value. The Group will increase the recurring income contribution while maintaining a decent pace in property development.

Going forward, a number of residential projects with unique brand characteristics will be launched one by one. The Group is planning to launch ARTISAN GARDEN, a redevelopment project in To Kwa Wan, Waterloo Road project in Ho Man Tin and Lung Tin Tsuen project in Yuen Long, further bolstering the leading position of the living community of New World ecosystem. The Group also vigorously enhances and optimises the recurring income generated by its investment property portfolio. Victoria Dockside, a new global creative art and design landmark located in the core of Kowloon, had been completed and gradually to commence operations in 2019. With its innovative and futuristic concept, the Group will operate the super Grade A office namely K11 ATELIER, K11 MUSEA museum-retail mall, K11 ARTUS serviced residences and revolutionises the public perception of commercial project.

In 2018, the Group was awarded the development rights of two large-scale projects in Hong Kong, including the commercial development in SKYCITY at Hong Kong International Airport, which is strategically located in the Greater Bay Area, and Kai Tak Sports Park, which is the largest sports park in Hong Kong, providing tens of millions of residents in Hong Kong and the Greater Bay Area with high-quality facilities for leisure, sports and entertainment experience.

The development of the Greater Bay Area has been raised to a national strategic level and is anticipated to turn the region into a world class bay area of which future prospects are promising. In this regard, the Group focuses on the Greater Bay Area and capitalises on its abundant resources and experience. Through NWCL, its property flagship in China, the Group successfully acquired premium projects in Qianhai and Prince Bay in Shenzhen, the Eastern Transportation Hub in Guangzhou Zengcheng and above the Hanxi Changlong metro station located at the intersection point of Southern Guangzhou. In the one-hour living sphere facilitated by major infrastructures, these projects will synergise with SKYCITY at Hong Kong International Airport and the new global landmark Victoria Dockside in Tsim Sha Tsui, complementing the development of the Greater Bay Area.

Following the patterns of market development, NWCL is progressively and steadily increasing its investment at its own rhythm and extending the advantage of its brand characteristics. NWCL is performing its role of operator in urban settings in developing various diversified projects and major complexes, including premium residential neighbourhoods, large-scale mixed-use commercial landmarks, malls and offices, creating new landmarks in first-tier cities and city clusters with development potentials.

The Group's financial position is sound and stable. The Group proactively manages its cash flow and its financing channels are well diversified. It is expected that equity raising is not necessary for NWD in the foreseeable future. Under the "New World Sustainability Vision 2030", NWCL issued the first tranche of US dollar green bond pursuant to the "New World Development Green Finance Framework" during the period under review, the proceeds raised will be used to support two projects of NWCL located in the Greater Bay Area and the Group's contribution to green development and expansion of sustainable development models.

With its commitment to the vision of innovative and sustainable culture and lifestyle, the New World Group will blend the old with the new and transcend borders to foster the Group's unique ecosystem which gives new meanings to residential and commercial projects, with evolutionised business models supported by innovative technology, to create values for the stakeholders.

Dr. Cheng Chi-Kong, Adrian
Executive Vice-chairman & General Manager

Hong Kong, 27 February 2019

Condensed Consolidated Income Statement – Unaudited

For the six months ended 31 December 2018

	Note	2018 HK$m	2017 HK$m
Revenues	4	**49,267.1**	27,935.4
Cost of sales		**(33,993.4)**	(17,749.0)
Gross profit		**15,273.7**	10,186.4
Other income		**70.1**	41.8
Other (losses)/gains, net		**(115.8)**	1,144.7
Selling and marketing expenses		**(1,339.9)**	(442.0)
Expenses of department store's operation		**(1,028.9)**	(1,135.2)
Administrative and other operating expenses		**(2,980.7)**	(2,809.8)
Changes in fair value of investment properties		**6,341.7**	7,167.9
Operating profit	5	**16,220.2**	14,153.8
Financing income		**854.4**	678.2
Financing costs		**(1,136.6)**	(1,007.6)
		15,938.0	13,824.4
Share of results of			
Joint ventures		**945.8**	1,357.1
Associated companies		**708.4**	546.7
Profit before taxation		**17,592.2**	15,728.2
Taxation	6	**(4,084.3)**	(3,097.7)
Profit for the period		**13,507.9**	12,630.5
Attributable to:			
Shareholders of the Company		**11,284.4**	11,269.9
Holders of perpetual capital securities		**271.1**	269.5
Non-controlling interests		**1,952.4**	1,091.1
		13,507.9	12,630.5
Dividend		**1,430.1**	1,413.9
Earnings per share	7		
Basic		**HK$1.11**	HK$1.15
Diluted		**HK$1.10**	HK$1.14

Condensed Consolidated Statement of Comprehensive Income – Unaudited

For the six months ended 31 December 2018

	2018 HK$m	2017 HK$m
Profit for the period	**13,507.9**	12,630.5
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Fair value changes of equity investments as financial assets at fair value through other comprehensive income	**(156.2)**	–
Revaluation of investment properties upon reclassification from property, plant and equipment and land use rights	**5.7**	3,357.9
– deferred tax arising from revaluation thereof	**(1.4)**	–
Items that had been reclassified/may be reclassified subsequently to profit or loss		
Fair value changes of available-for-sale financial assets	**–**	105.3
Release of reserve upon disposal of available-for-sale financial assets	**–**	(48.4)
Release of reserves upon disposal of subsidiaries	**0.6**	–
Release of reserve upon partial disposal of interests in an associate comapny	**(14.1)**	–
Release of reserve upon deregistration of subsidiaries	**(11.3)**	(61.1)
Share of other comprehensive income of joint ventures and associated companies	**(959.0)**	763.2
Cash flow hedges	**(222.0)**	41.8
Translation differences	**(3,823.2)**	4,206.9
Other comprehensive income for the period	**(5,180.9)**	8,365.6
Total comprehensive income for the period	**8,327.0**	20,996.1
Attributable to:		
Shareholders of the Company	**6,598.1**	18,944.1
Holders of perpetual capital securities	**271.1**	269.5
Non-controlling interests	**1,457.8**	1,782.5
	8,327.0	20,996.1

Condensed Consolidated Statement of Financial Position – Unaudited

As at 31 December 2018

	Note	**As at 31 December 2018 HK$m**	As at 30 June 2018 HK$m
ASSETS			
Non-current assets			
Investment properties		**160,200.7**	149,727.7
Property, plant and equipment		**30,566.6**	29,940.2
Land use rights		**990.8**	1,064.0
Intangible concession rights	**9**	**10,470.6**	11,403.5
Intangible assets	**10**	**3,668.3**	3,782.0
Interests in joint ventures		**50,046.6**	49,135.8
Interests in associated companies		**25,366.5**	24,708.2
Available-for-sale financial assets		**–**	11,778.8
Held-to-maturity investments		**–**	46.0
Financial assets at fair value through profit or loss		**7,189.4**	684.3
Financial assets at fair value through other comprehensive income		**6,124.4**	–
Derivative financial instruments		**23.7**	88.6
Properties for development		**31,212.5**	19,656.2
Deferred tax assets		**658.0**	749.3
Other non-current assets		**11,826.5**	6,635.1
		338,344.6	309,399.7
Current assets			
Properties under development		**37,015.2**	37,171.0
Properties held for sale		**22,121.3**	42,301.2
Inventories		**876.6**	831.5
Debtors, prepayments and contract assets	**11**	**28,437.1**	25,519.6
Derivative financial instruments		**1.1**	19.5
Restricted bank balances		**151.8**	67.7
Cash and bank balances		**51,838.7**	63,388.4
		140,441.8	169,298.9
Non-current assets classified as assets held for sale	**12**	**2,484.9**	2,756.2
		142,926.7	172,055.1
Total assets		**481,271.3**	481,454.8

	Note	As at 31 December 2018 HK$m	As at 30 June 2018 HK$m
EQUITY			
Share capital	13	77,628.8	77,525.9
Reserves		141,815.6	138,724.0
Shareholders' funds		219,444.4	216,249.9
Perpetual capital securities		9,451.8	9,451.8
Non-controlling interests		30,068.1	29,480.2
Total equity		258,964.3	255,181.9
LIABILITIES			
Non-current liabilities			
Long-term borrowings	14	118,484.3	120,123.6
Deferred tax liabilities		10,074.0	10,287.9
Derivative financial instruments		477.9	365.6
Other non-current liabilities		655.9	806.5
		129,692.1	131,583.6
Current liabilities			
Creditors, accrued charges and contract liabilities	15	52,229.4	65,059.0
Current portion of long-term borrowings	14	19,126.2	11,851.5
Short-term borrowings	14	10,964.1	8,777.6
Derivative financial instruments		64.3	–
Current tax payable		10,222.5	8,992.4
		92,606.5	94,680.5
Liabilities directly associated with non-current assets classified as assets held for sale	12	8.4	8.8
		92,614.9	94,689.3
Total liabilities		222,307.0	226,272.9
Total equity and liabilities		481,271.3	481,454.8

Condensed Consolidated Statement of Changes in Equity – Unaudited

For the six months ended 31 December 2018

	Share capital HK$m	Retained profits HK$m	Other reserves HK$m	Shareholders' funds HK$m	Perpetual capital securities HK$m	Non-controlling interests HK$m	Total HK$m
At 30 June 2018	77,525.9	123,585.9	15,138.1	216,249.9	9,451.8	29,480.2	255,181.9
Adjustment on adoption of HKFRS 9, net of taxation (Note 2)	–	678.7	(545.6)	133.1	–	120.6	253.7
Restated balance as at 1 July 2018	77,525.9	124,264.6	14,592.5	216,383.0	9,451.8	29,600.8	255,435.6
Profit for the period	–	11,284.4	–	11,284.4	271.1	1,952.4	13,507.9
Other comprehensive income							
Fair value changes of equity investments as financial assets at fair value through other comprehensive income	–	–	(142.8)	(142.8)	–	(13.4)	(156.2)
Release of reserves upon disposal of subsidiaries	–	–	0.5	0.5	–	0.1	0.6
Release of reserve upon partial disposal of interests in an associated company	–	–	(8.6)	(8.6)	–	(5.5)	(14.1)
Release of reserve upon deregistration of subsidiaries	–	–	(8.5)	(8.5)	–	(2.8)	(11.3)
Revaluation of investment properties upon reclassification from property, plant and equipment and land use rights, net of taxation	–	–	3.2	3.2	–	1.1	4.3
Share of other comprehensive income of joint ventures and associated companies	–	1.5	(647.1)	(645.6)	–	(313.4)	(959.0)
Cash flow hedges	–	–	(135.4)	(135.4)	–	(86.6)	(222.0)
Translation differences	–	–	(3,749.1)	(3,749.1)	–	(74.1)	(3,823.2)
Other comprehensive income for the period	–	1.5	(4,687.8)	(4,686.3)	–	(494.6)	(5,180.9)
Total comprehensive income for the period	–	11,285.9	(4,687.8)	6,598.1	271.1	1,457.8	8,327.0
Transactions with owners							
Contributions by/(distributions to) owners							
Dividends	–	(3,468.2)	–	(3,468.2)	–	(1,028.4)	(4,496.6)
Repayment of capital to a non-controlling shareholder	–	–	–	–	–	(4.0)	(4.0)
Issue of new shares upon exercise of share options	102.9	–	–	102.9	–	–	102.9
Employees' share-based payments	–	–	33.3	33.3	–	–	33.3
Share options lapsed	–	57.5	(57.5)	–	–	–	–
Buyback of shares	–	(250.4)	–	(250.4)	–	–	(250.4)
Distribution to perpetual capital securities holders	–	–	–	–	(271.1)	–	(271.1)
Transfer of reserves	–	(6.3)	6.3	–	–	–	–
	102.9	(3,667.4)	(17.9)	(3,582.4)	(271.1)	(1,032.4)	(4,885.9)
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries	–	–	–	–	–	0.5	0.5
Acquisition of additional interests in subsidiaries	–	39.1	–	39.1	–	(39.1)	–
Deemed disposal of interests in subsidiaries	–	6.6	–	6.6	–	80.5	87.1
	–	45.7	–	45.7	–	41.9	87.6
Total transactions with owners	102.9	(3,621.7)	(17.9)	(3,536.7)	(271.1)	(990.5)	(4,798.3)
At 31 December 2018	77,628.8	131,928.8	9,886.8	219,444.4	9,451.8	30,068.1	258,964.3

For the six months ended 31 December 2017	Share capital HK$m	Retained profits HK$m	Other reserves HK$m	Shareholders' funds HK$m	Perpetual capital securities HK$m	Non-controlling interests HK$m	Total HK$m
At 30 June 2017	73,233.6	104,696.7	8,160.9	186,091.2	9,451.8	25,401.5	220,944.5
Adjustment on adoption of HKFRS 15, net of taxation	–	251.6	–	251.6	–	27.2	278.8
Restated balance as at 1 July 2017	73,233.6	104,948.3	8,160.9	186,342.8	9,451.8	25,428.7	221,223.3
Profit for the period	–	11,269.9	–	11,269.9	269.5	1,091.1	12,630.5
Other comprehensive income							
Fair value changes of available-for-sale financial assets	–	–	69.7	69.7	–	35.6	105.3
Release of reserve upon disposal of available-for-sale financial assets	–	–	(49.4)	(49.4)	–	1.0	(48.4)
Release of reserve upon deregistration of subsidiaries	–	–	(27.9)	(27.9)	–	(33.2)	(61.1)
Revaluation of investment properties upon reclassification from property, plant and equipment, net of taxation	–	–	3,347.7	3,347.7	–	10.2	3,357.9
Share of other comprehensive income of joint ventures and associated companies	–	1.6	481.9	483.5	–	279.7	763.2
Cash flow hedges	–	–	25.5	25.5	–	16.3	41.8
Translation differences	–	–	3,825.1	3,825.1	–	381.8	4,206.9
Other comprehensive income for the period	–	1.6	7,672.6	7,674.2	–	691.4	8,365.6
Total comprehensive income for the period	–	11,271.5	7,672.6	18,944.1	269.5	1,782.5	20,996.1
Transactions with owners							
Contributions by/(distributions to) owners							
Dividends	–	(3,246.3)	–	(3,246.3)	–	(1,684.4)	(4,930.7)
Contribution from non-controlling interests	–	–	–	–	–	19.4	19.4
Repayment of capital to a non-controlling shareholder	–	–	–	–	–	(16.5)	(16.5)
Issue of new shares as scrip dividend	2,626.7	–	–	2,626.7	–	–	2,626.7
Issue of new shares upon exercise of share options	300.4	–	–	300.4	–	–	300.4
Employees' share based payments	–	–	35.3	35.3	–	–	35.3
Share options lapsed	–	2.0	(2.0)	–	–	–	–
Buyback of shares	–	(107.6)	–	(107.6)	–	–	(107.6)
Distribution to perpetual capital securities holders	–	–	–	–	(268.0)	–	(268.0)
Transfer of reserves	–	(11.5)	11.5	–	–	–	–
	2,927.1	(3,363.4)	44.8	(391.5)	(268.0)	(1,681.5)	(2,341.0)
Change in ownership interests in subsidiaries							
Acquisition of additional interests in subsidiaries	–	8.3	68.7	77.0	–	(79.8)	(2.8)
	–	8.3	68.7	77.0	–	(79.8)	(2.8)
Total transactions with owners	2,927.1	(3,355.1)	113.5	(314.5)	(268.0)	(1,761.3)	(2,343.8)
At 31 December 2017	76,160.7	112,864.7	15,947.0	204,972.4	9,453.3	25,449.9	239,875.6

Condensed Consolidated Statement of Cash Flows – Unaudited

For the six months ended 31 December 2018

	2018 HK$m	2017 HK$m
Net cash (used in)/from operating activities	**(5,598.1)**	9,183.6
Cash flows from investing activities		
Additions of investment properties, property, plant and equipment and intangible concession rights	**(4,757.1)**	(6,652.5)
Increase in investments in and advances to joint ventures	**(2,630.3)**	(1,187.3)
Increase in investments in and advances to associated companies	**(574.2)**	(452.8)
Purchase of available-for-sale financial assets, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss	**(1,543.9)**	(1,542.2)
Others	**1,298.6**	4,216.8
Net cash used in investing activities	**(8,206.9)**	(5,618.0)
Cash flows from financing activities		
Net increase in borrowings	**8,103.6**	245.4
Contributions from non-controlling interests	**–**	19.4
Dividend paid to shareholders of the Company	**(3,468.2)**	(619.6)
Dividend paid to non-controlling shareholders	**(1,028.4)**	(1,684.4)
Buyback of shares	**(250.4)**	(107.6)
Distribution to holders of perpetual capital securities	**(271.1)**	(268.0)
Others	**14.9**	375.4
Net cash from/(used in) financing activities	**3,100.4**	(2,039.4)
Net (decrease)/increase in cash and cash equivalents	**(10,704.6)**	1,526.2
Cash and cash equivalents at beginning of the period	**62,597.3**	61,763.6
Translation differences	**(1,420.7)**	1,106.6
Cash and cash equivalents at end of the period	**50,472.0**	64,396.4
Analysis of cash and cash equivalents:		
Cash and bank balances	**50,417.8**	64,259.7
Cash and bank balances of subsidiaries transferred to non-current assets classified as assets held for sale	**54.2**	136.7
	50,472.0	64,396.4

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") for the six months ended 31 December 2018 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (the "Listing Rules"). The Interim Financial Statements should be read in conjunction with the 30 June 2018 annual financial statements.

The accounting policies used in the preparation of these Interim Financial Statements are consistent with those set out in the annual report for the year ended 30 June 2018 except as described in note 1 (a) and (b) below.

The Company presented an expense item in relation to department store's operation in the condensed consolidated income statement during this period, so as to align the management's view that department store operation is a separate function of the Group and enhance the comparability of the Company's financial statements with other companies. The comparative figures have been reclassified to conform with the current period's presentation.

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

The Group has adopted the following new standard, amendments to standards and interpretation which are relevant to the Group's operations and are mandatory for the financial year ending 30 June 2019:

HKFRS 9	Financial Instruments
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 – Insurance Contracts
Amendments to HKAS 40	Transfers of Investment Property
HK (IFRIC) – Interpretation 22	Foreign Currency Transactions and Advance Consideration
HKFRSs Amendments	Annual Improvements to HKFRSs 2014-2016 Cycle

Save for the impact of adoption of Hong Kong Financial Reporting Standard 9 "Financial Instruments" ("HKFRS 9") disclosed in note 1(b) and note 2, the adoption of other amendments to standards and interpretation does not have significant effect on the results and financial position of the Group.

The Group has elected to early adopt HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") for the year ended 30 June 2018 because the new accounting standard provides more reliable and relevant information for users to assess the amounts, timing and uncertainty of revenue and cash flows. The related impact of adoption of HKFRS 15 was included in the 30 June 2018 annual financial statements.

(b) Adoption of HKFRS 9

HKFRS 9 as issued by the HKICPA is effective for the financial year beginning on or after 1 January 2018.

The Group has adopted HKFRS 9 for the year ending 30 June 2019. HKFRS 9 has replaced the provision of HKAS 39 that relates to (i) recognition, classification and measurement of financial assets and financial liabilities; (ii) derecognition of financial instruments; (iii) impairment of financial assets and (iv) hedge accounting.

HKFRS 9 replaces the multiple classification and measurement models in HKAS 39 – "Financial Instruments: Recognition and Measurement" with a single model that has three classification categories: amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVPL").

Classification of debt assets will be driven by the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if (i) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and (ii) the contractual cash flows under the instrument solely represent payments of principal and interest. All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value and their gains and losses will either be recorded in consolidated income statement or consolidated statement of comprehensive income. For investment in debt instruments, this will depend on the business model in which the investment is held and the cash flows of the investment is solely payment of principal and interest on the principal amount outstanding. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investments at FVOCI.

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) Adoption of HKFRS 9 (Continued)

As allowed in the transitional provision in HKFRS 9 (2014), comparative figures is not restated. The reclassifications and the adjustments arising from the implementation of new standard are therefore not reflected in the consolidated statement of financial position as at 30 June 2018, but are recognised in the opening consolidated statement of financial position as at 1 July 2018. The effects of the adoption of HKFRS 9 are set out in note 2 below.

(c) New standards, amendments to standards and interpretation which are not yet effective

The following new standards, amendments to standards and interpretation are mandatory for accounting periods beginning on or after 1 July 2019 or later periods but which the Group has not early adopted:

HKFRS 16	Leases
HKFRS 17	Insurance Contracts
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKAS 1 and HKAS 8	Amendments to Definition of Material
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HK (IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments
HKFRSs Amendments	Annual Improvements to HKFRSs 2015-2017 Cycle
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The Group has already commenced an assessment of the likely impact of adopting the above new standards, amendments to standards and interpretation, in which the preliminary assessment of Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") is detailed below.

HKFRS 16 "Leases"

HKFRS 16 addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on the consolidated statements of financial position for lessees. The Group is a lessee of certain premises and properties which are currently classified as operating leases. HKFRS 16 provides a new provision for the accounting treatment of leases when the Group is the lessee, almost all leases should be recognised in the form of an asset (for the right-of-use) and a financial liability (for the payment obligation). Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in the consolidated statements of financial position. As for the financial performance impact in the consolidated income statement, straight-line depreciation expense on the right-of-use asset and the interest expenses on the financial liability are recognised and no rental expenses will be recognised. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the financial liability will result in a higher total charge to consolidated income statements in the initial years of the lease, and decreasing expenses during the latter part of the lease term.

The Group conducted preliminary assessment and estimated that the adoption of HKFRS 16 would result in recognition of right-of-use assets and financial liabilities primarily arising from leases of premises and properties in relation to the Group's various businesses. The Group will continue to assess the impact in more details.

The Group has already commenced an assessment of the impact of the other new standards, amendments to standards and interpretation, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements.

2 CHANGES IN ACCOUNTING POLICY

As explained in note 1 above, the Group has adopted HKFRS 9 from 1 July 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. As allowed in the transitional provision in HKFRS 9 (2014), comparative figures is not restated.

Classification and measurement of financial instruments

From 1 July 2018, the Group classifies its financial assets as those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss) and those to be measured at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in OCI or profit or loss. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Except for trade debtors that do not have a significant financing component, at initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as FVOCI where assets that are held for collection of contractual cash flows and for selling the financial assets which cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses, interest income and foreign exchange gains or losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is recognised in profit or loss using the effective interest rate method. The Group classifies its debt instruments at FVPL if the instruments do not meet the criteria for amortised cost or FVOCI. A gain or loss on a debt instrument is recognised profit or loss in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains or losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends income from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established. Changes in fair value of financial assets at FVPL are recognised in profit or loss.

Impairment of financial assets

A new expected credit loss ("ECL") impairment model has been introduced which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how the Group measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for trade debtors and contract assets that do not have a significant financing component. On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade debtors and contract assets with no significant financing components), unless the assets are considered credit impaired. The Group has applied the simplified approach to recognise lifetime ECL for its trade debtors and contract assets and considers the remaining financial assets have low credit risk and hence expects to recognise 12-month ECL.

Hedge accounting

The new hedge accounting rules align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation. The Group does not expect a significant impact on the accounting for hedging relationship.

2 CHANGES IN ACCOUNTING POLICY (CONTINUED)

The effect of the adoption of HKFRS 9 on the Group's financial position is as follows:

	Note	As at 30 June 2018 HK$m	Effects of the adoption of HKFRS 9 HK$m	As at 1 July 2018 HK$m
Condensed consolidated statement of financial position (extract)				
Available-for-sale financial assets	a	**11,778.8**	**(11,778.8)**	**–**
Financial assets at fair value through profit or loss	a	**684.3**	**5,822.5**	**6,506.8**
Financial assets at fair value through other comprehensive income	a	**–**	**6,266.3**	**6,266.3**
Held-to-maturity investments		**46.0**	**(46.0)**	**–**
Other non-current assets		**6,635.1**	**46.0**	**6,681.1**
Debtors, prepayments and contract assets	b	**25,519.6**	**(13.1)**	**25,506.5**
Reserves		**138,724.0**	**133.1**	**138,857.1**
– Investment revaluation reserve	a	**1,468.1**	**(1,468.1)**	**–**
– Financial assets at fair value through other comprehensive income reserve	a	**–**	**922.5**	**922.5**
– Retained profits	b	**123,585.9**	**678.7**	**124,264.6**
– Property revaluation reserve, general reserve, employees' share-based compensation reserve and exchange reserve		**13,670.0**	**–**	**13,670.0**
Non-controlling interests		**29,480.2**	**120.6**	**29,600.8**
Long-term borrowings	b	**120,123.6**	**43.2**	**120,166.8**

Notes:

(a) The Group reclassified its equity and debt instruments (previously classified as available-for-sale financial assets under HKAS 39) to either financial assets at FVPL or financial assets at FVOCI as shown above. The reclassification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. Certain listed securities were reclassified from available-for-sale financial assets to financial assets at FVOCI. Fair value gains/losses previously recognised in investment revaluation reserve and impairment losses previously recognised in retained profits were reclassified to financial assets at FVOCI reserve. Fair value gains of HK$189.4 million were recognised in financial assets at FVOCI reserve on 1 July 2018 upon the adoption of HKFRS 9. Apart from the above, certain investments (primarily relating to investment funds) previously classified as equity securities are reclassified as debt securities upon adoption of HKFRS 9 as they do not meet the definition of equity securities in accordance with HKFRS 9.

(b) Impairment losses of HK$568.6 million previously recognised in retained profits were reclassified to financial assets at FVOCI reserve. Fair value gains previously recognised in investment revaluation reserve of HK$166.4 million were reclassified to retained profits upon the change of investments from available-for-sale financial assets to financial assets at fair value through profit or loss. Modification on financial liabilities and increase in impairment losses on trade and other debtors of HK$56.3 million were recognised in retained profits as at 1 July 2018 upon adoption of HKFRS 9.

3 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION

(a) Financial risk factors

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

The interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 30 June 2018 annual financial statements.

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

(b) Fair value estimation

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

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

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

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

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

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

The following table presents the Group's financial instruments that are measured at fair value at 31 December 2018:

	Level 1 HK$m	Level 2 HK$m	Level 3 HK$m	Total HK$m
Financial assets at fair value through other comprehensive income	**4,030.1**	**323.0**	**1,771.3**	**6,124.4**
Financial assets at fair value through profit or loss	–	**1,782.7**	**5,406.7**	**7,189.4**
Derivative financial instruments Derivative financial assets	–	**24.8**	–	**24.8**
	4,030.1	**2,130.5**	**7,178.0**	**13,338.6**
Derivative financial instruments Derivative financial liabilities	–	**(494.5)**	**(47.7)**	**(542.2)**

3 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(b) Fair value estimation (Continued)

(ii) (continued)

The following table presents the Group's financial instruments that are measured at fair value at 30 June 2018:

	Level 1 HK$m	Level 2 HK$m	Level 3 HK$m	Total HK$m
Available-for-sale financial assets	4,158.8	1,907.4	5,712.6	11,778.8
Financial assets at fair value through profit or loss	–	–	684.3	684.3
Derivative financial instruments				
Derivative financial assets	–	108.1	–	108.1
	4,158.8	2,015.5	6,396.9	12,571.2
Derivative financial instruments				
Derivative financial liabilities	–	(352.5)	(13.1)	(365.6)

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

The following table presents the changes in level 3 financial instruments for the six months ended 31 December 2018:

	Available-for-sale financial assets HK$m	**Financial assets at fair value through profit or loss HK$m**	**Financial assets at fair value through other comprehensive income HK$m**	**Derivative financial liabilities HK$m**
At 30 June 2018	**5,712.6**	**684.3**	**–**	**(13.1)**
Effect of adoption of HKFRS 9	**(5,712.6)**	**3,875.1**	**2,147.5**	**–**
At 1 July 2018	**–**	**4,559.4**	**2,147.5**	**(13.1)**
Additions	**–**	**1,208.5**	**11.4**	**(37.5)**
Transfer from/(to) level 2	**–**	**415.9**	**(317.3)**	**–**
Transfer to debtors, prepayments and contract assets	**–**	**(15.4)**	**–**	**–**
Net gain/(loss) recognised in the condensed consolidated statement of comprehensive income/income statement		**96.5**	**(70.3)**	**2.9**
Disposals	**–**	**(858.2)**	**–**	**–**
At 31 December 2018	**–**	**5,406.7**	**1,771.3**	**(47.7)**

4 REVENUES AND SEGMENT INFORMATION

Revenues recognised during the period are as follows:

	For the six months ended 31 December	
	2018	2017
	HK$m	HK$m
Revenues		
Property sales	**29,905.3**	9,893.6
Rental	**1,786.1**	1,344.3
Contracting	**8,910.2**	6,531.8
Provision of services	**4,600.6**	5,947.7
Infrastructure operations	**1,453.8**	1,352.6
Hotel operations	**684.3**	755.3
Department store operations	**1,733.6**	1,772.8
Others	**193.2**	337.3
Total	**49,267.1**	27,935.4

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

The Executive Committee assesses the performance of the operating segments based on each segment's operating profit. The measurement of segment operating profit excludes the effects of unallocated corporate expenses. In addition, financing income, financing cost and taxation are not allocated to segments.

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

4 REVENUES AND SEGMENT INFORMATION (CONTINUED)

	Property development HK$m	Property investment HK$m	Service HK$m	Infrastructure HK$m	Hotel operations HK$m	Department stores HK$m	Others HK$m	Consolidated HK$m
For the six months ended 31 December 2018								
Total revenues	29,905.3	1,894.8	17,708.3	1,453.8	684.3	1,733.6	209.5	53,589.6
Inter-segment	–	(108.7)	(4,197.5)	–	–	–	(16.3)	(4,322.5)
Revenues - external	29,905.3	1,786.1	13,510.8	1,453.8	684.3	1,733.6	193.2	49,267.1
Revenues from contracts with customers:								
– Recognised at a point in time	29,806.4	–	3,123.7	1,453.8	252.7	1,733.6	141.7	36,511.9
– Recognised over time	98.9	–	10,387.1	–	431.6	–	51.5	10,969.1
	29,905.3	–	13,510.8	1,453.8	684.3	1,733.6	193.2	47,481.0
Reveneues from other source:								
– Rental income	–	1,786.1	–	–	–	–	–	1,786.1
	29,905.3	1,786.1	13,510.8	1,453.8	684.3	1,733.6	193.2	49,267.1
Segment results	8,842.3	1,006.2	118.8	673.9	(59.4)	149.8	15.7	10,747.3
Other (losses)/gains, net (Note b)	274.9	3.0	(152.4)	14.0	–	(28.9)	(226.4)	(115.8)
Changes in fair value of investment properties	–	6,308.0	33.7	–	–	–	–	6,341.7
Unallocated corporate expenses								(753.0)
Operating profit								16,220.2
Financing income								854.4
Financing costs								(1,136.6)
								15,938.0
Share of results of								
Joint ventures	42.3	112.2	61.1	845.9	(1.1)	–	(114.6)	945.8
Associated companies	0.5	101.8	72.0	532.2	–	0.1	1.8	708.4
Profit before taxation								17,592.2
Taxation								(4,084.3)
Profit for the period								13,507.9
As at 31 December 2018								
Segment assets	111,444.5	162,908.8	24,151.6	19,183.5	16,382.9	7,850.2	11,263.4	353,184.9
Interests in joint ventures	17,024.2	10,511.3	3,346.6	10,790.1	5,452.6	–	2,921.8	50,046.6
Interests in associated companies	6,289.1	4,539.9	4,858.5	9,458.9	–	1.6	218.5	25,366.5
Unallocated assets								52,673.3
Total assets								481,271.3
Segment liabilities	29,226.7	2,443.9	14,007.5	963.5	548.8	3,659.0	2,044.3	52,893.7
Unallocated liabilities								169,413.3
Total liabilities								222,307.0
For the six months ended 31 December 2018								
Additions to non-current assets (Note a)	13,442.2	3,381.6	457.3	28.2	1,030.6	77.0	10.1	18,427.0
Depreciation and amortisation	32.3	12.6	308.3	426.9	138.7	121.3	132.6	1,172.7
Impairment charge and provision	–	–	34.0	–	–	51.8	–	85.8

4 REVENUES AND SEGMENT INFORMATION (CONTINUED)

	Property development HK$m	Property investment HK$m	Service HK$m	Infrastructure HK$m	Hotel operations HK$m	Department stores HK$m	Others HK$m	Consolidated HK$m
For the six months ended 31 December 2017								
Total revenues	10,395.5	1,426.9	17,496.9	1,352.6	755.3	1,772.8	386.2	33,586.2
Inter-segment	(501.9)	(82.6)	(5,017.4)	–	–	–	(48.9)	(5,650.8)
Revenues-external	9,893.6	1,344.3	12,479.5	1,352.6	755.3	1,772.8	337.3	27,935.4
Revenues from contracts with customers:								
– Recognised at a point in time	9,716.8	–	4,787.5	1,352.6	276.3	1,772.8	179.8	18,085.8
– Recognised over time	176.8	–	7,692.0	–	479.0	–	157.5	8,505.3
	9,893.6	–	12,479.5	1,352.6	755.3	1,772.8	337.3	26,591.1
Revenues from other source:								
– Rental income	–	1,344.3	–	–	–	–	–	1,344.3
	9,893.6	1,344.3	12,479.5	1,352.6	755.3	1,772.8	337.3	27,935.4
Segment results	4,601.4	785.9	397.7	702.5	(6.4)	116.4	(120.4)	6,477.1
Other (losses)/gains, net (Note b)	529.7	6.1	52.4	106.8	–	(85.6)	535.3	1,144.7
Changes in fair value of investment properties	–	7,112.9	55.0	–	–	–	–	7,167.9
Unallocated corporate expenses								(635.9)
Operating profit								14,153.8
Financing income								678.2
Financing costs								(1,007.6)
								13,824.4
Share of results of								
Joint ventures	121.1	286.7	72.2	834.8	21.5	–	20.8	1,357.1
Associated companies	3.9	175.4	(43.1)	399.3	–	(0.1)	11.3	546.7
Profit before taxation								15,728.2
Taxation								(3,097.7)
Profit for the period								12,630.5
As at 30 June 2018								
Segment assets	113,922.6	156,462.2	22,982.2	18,000.8	15,824.5	5,093.5	11,011.5	343,297.3
Interests in joint ventures	14,835.6	10,639.1	3,511.8	11,668.2	5,622.5	–	2,858.6	49,135.8
Interests in associated companies	6,360.3	4,412.5	5,618.0	8,084.6	–	1.6	231.2	24,708.2
Unallocated assets								64,313.5
Total assets								481,454.8
Segment liabilities	42,945.1	2,947.4	13,440.7	781.0	477.5	3,443.6	1,839.0	65,874.3
Unallocated liabilities								160,398.6
Total liabilities								226,272.9
For the six months ended 31 December 2017								
Additions to non-current assets (Note a)	2,228.2	4,772.3	254.0	19.6	1,501.0	117.4	376.8	9,269.3
Depreciation and amortisation	63.7	14.1	296.0	437.2	145.2	135.8	86.5	1,178.5
Impairment charge and provision	–	–	–	–	–	77.3	–	77.3

4 REVENUES AND SEGMENT INFORMATION (CONTINUED)

	Revenues Six months ended 31 December 2018 HK$m	**Non-current assets (Note a) As at 31 December 2018 HK$m**
Hong Kong	**34,814.5**	**146,483.7**
Mainland China	**13,821.5**	**90,379.0**
Others	**631.1**	**1,399.6**
	49,267.1	**238,262.3**

	Six months ended 31 December 2017 HK$m	As at 30 June 2018 HK$m
Hong Kong	14,230.0	132,470.3
Mainland China	13,300.8	82,742.2
Others	404.6	1,385.3
	27,935.4	216,597.8

Notes:

(a) Non-current assets represented non-current assets other than financial instruments (financial instruments include interests in joint ventures and associated companies), deferred tax assets and retirement benefit assets.

(b) For the six months ended 31 December 2018, others segment included net exchange losses of HK$55.5 million (2017: net exchange gains of HK$287.0 million).

(c) For the six months ended 31 December 2018, the operating profit before depreciation and amortisation, changes in fair value of investment properties and other (losses)/gains, net and after net exchange difference amounted to HK$8,766.1 million, of which HK$4,664.2 million was attributable to Hong Kong and HK$4,101.9 million was attributable to Mainland China and others.

5 OPERATING PROFIT

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

	For the six months ended 31 December	
	2018	2017
	HK$m	HK$m
Net (loss)/gain on fair value of financial assets at fair value through profit or loss	**(356.1)**	25.9
(Loss)/gain on partial disposal of interests in an associated company	**(54.2)**	56.8
Net profit on disposal/liquidation of		
Available-for-sale financial assets and financial assets at fair value through profit or loss	**103.5**	108.5
Derivative financial instruments	**–**	106.8
Investment properties and property, plant and equipment	**15.5**	140.0
Subsidiaries	**316.6**	493.2
Impairment loss on		
Prepayments, deposits and other receivables	**(72.7)**	(7.9)
Property, plant and equipment	**(13.1)**	(69.4)
Write back of provision for loans and other receivables	**0.2**	3.8
Cost of inventories and properties sold	**(21,153.0)**	(6,231.2)
Cost of services rendered	**(11,876.0)**	(10,710.5)
Depreciation and amortisation	**(1,172.7)**	(1,178.5)
Net exchange (losses)/gains	**(55.5)**	287.0

6 TAXATION

	For the six months ended 31 December	
	2018	2017
	HK$m	HK$m
Current taxation		
Hong Kong profits tax	**1,460.9**	82.1
Mainland China and overseas taxation	**1,119.1**	1,271.8
Mainland China land appreciation tax	**1,368.3**	1,748.9
Deferred taxation	**136.0**	(5.1)
	4,084.3	3,097.7

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the period.

Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profit for the period at the rates of taxation prevailing in the countries in which the Group operates. These rates range from12% to 25% (2017: 12% to 25%). Withholding tax on dividend is mainly provided at the rate of 5% or 10% (2017: 5% or 10%).

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2017: 30% to 60%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

Share of results of joint ventures and associated companies is stated after deducting the share of taxation of joint ventures and associated companies of HK$333.2million and HK$85.0 million (2017: HK$343.1 million and HK$82.2 million) respectively.

7 EARNINGS PER SHARE

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

	For the six months ended 31 December	
	2018	2017
	HK$m	HK$m
Profit attributable to shareholders of the Company for calculating basic earnings per share	**11,284.4**	11,269.9
Adjustment on the effect of dilution in the results of subsidiaries	**(0.8)**	–
Profit attributable to shareholders of the Company for calculating diluted earnings per share	**11,283.6**	11,269.9

	Number of shares (million) For the six months ended 31 December	
	2018	2017
Weighted average number of shares for calculating basic earnings per share	**10,207.8**	9,831.9
Effect of dilutive potential ordinary shares upon the exercise of share options	**16.9**	23.1
Weighted average number of shares for calculating diluted earnings per share	**10,224.7**	9,855.0

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares (2017: Same).

8 CAPITAL EXPENDITURE

For the six months ended 31 December 2018, the Group has acquired investment properties, property, plant and equipment, land use rights and intangible concession rights of HK$4,757.1 million (2017: HK$6,719.6 million). The Group has disposed of investment properties, property, plant and equipment, land use rights and intangible concession rights of net book value of HK$166.1million (2017: HK$559.7 million).

9 INTANGIBLE CONCESSION RIGHTS

	HK$m
Net book value as at 1 July 2018	**11,403.5**
Translation differences	**(458.5)**
Disposal	**(61.1)**
Amortisation	**(413.3)**
Net book value as at 31 December 2018	**10,470.6**

10 INTANGIBLE ASSETS

	Goodwill HK$m	Trademarks HK$m	Operating right and others HK$m	Total HK$m
Net book value as at 1 July 2018	**3,291.5**	**64.4**	**426.1**	**3,782.0**
Translation differences	**(85.2)**	**–**	**–**	**(85.2)**
Additions	**–**	**–**	**0.5**	**0.5**
Disposals	**(1.9)**	**–**	**–**	**(1.9)**
Amortisation	**–**	**(2.6)**	**(24.5)**	**(27.1)**
Net book value as at 31 December 2018	**3,204.4**	**61.8**	**402.1**	**3,668.3**

11 TRADE DEBTORS

Aging analysis of trade debtors based on invoice date is as follows:

	As at 31 December 2018 HK$m	As at 30 June 2018 HK$m
Current to 30 days	**2,722.4**	2,675.8
31 to 60 days	**228.9**	282.7
Over 60 days	**514.4**	497.5
	3,465.7	3,456.0

The Group has different credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate.

12 NON-CURRENT ASSETS CLASSIFIED AS ASSETS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS ASSETS HELD FOR SALE

Non-current assets classified as assets held for sale

	As at 31 December 2018 HK$m	As at 30 June 2018 HK$m
Investment properties	**669.7**	875.5
Property for/under development and other assets classified as held for sale (Note)	**1,815.2**	1,880.7
	2,484.9	2,756.2

12 NON-CURRENT ASSETS CLASSIFIED AS ASSETS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS ASSETS HELD FOR SALE (CONTINUED)

Liabilities directly associated with non-current assets classified as assets held for sale

	As at 31 December 2018 HK$m	As at 30 June 2018 HK$m
Liabilities classified as held for sale (Note)	**8.4**	8.8

Note:
On 1 August 2017, an agreement was entered into by a wholly owned subsidiary of the Group, New World China Land Limited ("NWCL"), in respect of disposal of its 85% owned subsidiary, Xin Zhong Real Estate Yangzhou Company Limited (engaged in the property development in Yangzhou, PRC). The transaction has not yet been completed as at period end and legal procedures are still in progress.

13 SHARE CAPITAL

	As at 31 December 2018		As at 30 June 2018	
	Number of shares (million)	**HK$m**	Number of shares (million)	HK$m
Issued and fully paid:				
At beginning of the period	**10,214.1**	**77,525.9**	9,815.2	73,233.6
Issue of new shares as scrip dividends (Note a)	**–**	**–**	357.2	3,802.1
Buyback of shares (Note b)	**(23.4)**	**–**	(11.5)	–
Issue of new shares upon exercise of share options	**11.2**	**102.9**	53.2	490.2
At end of the period – ordinary shares with no par value	**10,201.9**	**77,628.8**	10,214.1	77,525.9

Notes:
(a) Issue of new shares as scrip dividends

During the year ended 30 June 2018, a total of 357,226,189 new shares were issued by the Company for the settlement of 2017 final scrip dividends and 2018 interim scrip dividends. During the six months ended 31 December 2018, no new shares were issued for the settlement of 2018 final dividend as all being paid in cash.

(b) Buyback of shares

During the six months ended 31 December 2018, the Company bought back and cancelled a total of 23,456,000 shares at an aggregate cost of HK$249,533,480 on the Hong Kong Stock Exchange at share price ranging from HK$9.82 to HK$11.28.

During the six months ended 31 December 2018, the Company bought back its shares through the Hong Kong Stock Exchange as follows:

Month	**Number of shares bought back**	**Price paid per share Highest HK$**	**Price paid per share Lowest HK$**	**Aggregate consideration (before expenses) HK$m**
July 2018	**10,454,000**	**11.28**	**10.66**	**113.4**
September 2018	**6,000,000**	**10.92**	**10.62**	**64.5**
October 2018	**7,002,000**	**10.46**	**9.82**	**71.6**
	23,456,000			**249.5**

13 SHARE CAPITAL (CONTINUED)

Notes: (continued)

(c) Share option scheme

A share option scheme was adopted by the Company on 24 November 2006 and amended on 13 March 2012 which will be valid and effective for a period of ten years from the date of adoption.

A new share option scheme was adopted by the Company on 22 November 2016 which will be valid and effective for a period of ten years from the date of adoption.

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

On 7 July 2015, 20,100,000 share options were granted by the Company to certain eligible participants at an initial exercise price of HK$9.976 per share, subject to adjustments.

On 9 March 2016, 20,200,000 share options were granted by the Company to a director and certain eligible participants at an initial exercise price of HK$7.200 per share, subject to adjustments.

On 10 June 2016, 68,037,928 share options were granted by the Company to directors and certain eligible participants at an initial exercise price of HK$7.540 per share, subject to adjustments.

On 3 July 2017, 53,450,000 share options were granted by the Company to directors and certain eligible participants at an initial exercise price of HK$10.036 per share, subject to adjustments.

On 6 July 2018, 39,250,000 share options were granted by the Company to directors and certain eligible participants at an initial exercise price of HK$11.040 per share, subject to adjustments.

The outstanding number of share options at 31 December 2018 amounted to 148,090,425 and the number of share options lapsed and exercised for the six months ended 31 December 2018 amounted to 5,202,957 and 11,242,309 respectively.

14 BORROWINGS

	As at 31 December 2018 HK$m	As at 30 June 2018 HK$m
Long-term borrowings		
Secured bank loans	**16,852.0**	18,134.4
Unsecured bank loans	**75,107.8**	70,754.0
Other secured loans	**–**	2,976.2
Other unsecured loans	**1,257.1**	1,309.5
Fixed rate bonds and notes payable	**40,813.0**	38,280.0
Loans from non-controlling shareholders	**3,580.6**	521.0
	137,610.5	131,975.1
Current portion of long-term borrowings	**(19,126.2)**	(11,851.5)
	118,484.3	120,123.6
Short-term borrowings		
Secured bank loans	**415.0**	–
Unsecured bank loans	**9,717.8**	6,856.0
Other unsecured loans	**5.0**	5.0
Loans from non-controlling shareholders	**826.3**	1,916.6
	10,964.1	8,777.6
Current portion of long-term borrowings	**19,126.2**	11,851.5
	30,090.3	20,629.1
Total borrowings	**148,574.6**	140,752.7

15 TRADE CREDITORS

Aging analysis of trade creditors based on invoice date is as follows:

	As at 31 December 2018 HK$m	As at 30 June 2018 HK$m
Current to 30 days	**9,562.3**	9,974.4
31 to 60 days	**471.3**	366.5
Over 60 days	**2,541.5**	2,700.0
	12,575.1	13,040.9

16 COMMITMENTS

	As at 31 December 2018 HK$m	As at 30 June 2018 HK$m
Contracted but not provided for		
Property, plant and equipment	**1,170.9**	957.5
Investment properties	**3,923.9**	5,271.5
Joint ventures and associated companies	**1,380.5**	2,977.6
Subsidiary (Note)	**21,500.0**	–
Other investments	**1,181.4**	1,702.5
	29,156.7	10,909.1
The Group's share of capital commitments of the joint ventures not included above are as follows:		
Contracted but not provided for	**10,030.5**	9,703.7

Note:
On 27 December 2018, Earning Star Limited (an indirect wholly-owned subsidiary of NWS Holdings Limited ("NWSH") and a subsidiary of the Group) entered into a share purchase agreement to acquire the entire issued share capital of FTLife Insurance Company Limited ("FTLife"), at a total consideration of HK$21.5 billion (subject to adjustments). The consideration for the acquisition will be funded by a combination of internal resources of the Group and the committed external financing from banks. FTLife is a life insurance company in Hong Kong engaged in provision for protection and savings-related life and medical insurance porducts. Upon completion of the acquisition, FTLife will become an indirect wholly-owned subsidiary of NWSH and the financial statements of FTLife will be consolidated into the financial statements of the Group.

17 FINANCIAL GUARANTEE AND CONTINGENT LIABILITIES

	As at 31 December 2018 HK$m	As at 30 June 2018 HK$m
Financial guarantee contracts:		
Mortgage facilities for certain purchasers of properties	**4,491.3**	4,477.9
Guarantees for credit facilities granted to		
Joint ventures	**2,739.7**	4,171.6
Associated companies	**1,706.8**	1,824.8
	8,937.8	10,474.3

On 28 December 2018, Kai Tak Sports Park Limited ("KTSPL"), a company held as to 75% by New World Sports Development Limited ("New World Sports") (a wholly-owned subsidiary of the Company) and 25% by NWS Sports Development Limited ("NWS Sports") (a wholly-owned subsidiary of NWSH, was awarded a contract for the design, construction and operation of Kai Tak Sports Park (the "DBO Contract") at a total construction contract sum of HK$29.993 billion. New World Sports and NWS Sports have undertaken to provide the guarantee of the punctual, true and faithful performance and observance by KTSPL of the obligations, terms, conditions and liabilities to be performed, observed and assumed by KTSPL under the DBO Contract in favour of the Hong Kong Government.

18 RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions during the period which were carried out in the normal course of the Group's business:

	For the six months ended 31 December	
	2018 HK$m	2017 HK$m
Transactions with joint ventures and associated companies		
Provision of construction work services	**156.4**	574.6
Interest income	**152.6**	112.5
Rental expenses	**90.0**	109.0
Transactions with other related parties		
Provision of construction work services	**22.9**	28.8
Rental income	**53.1**	74.7
Concessionaires commissions	**39.1**	37.6
Sales of goods, prepaid shopping cards and vouchers	**52.4**	39.7
Engineering and mechanical services	**607.5**	332.6
Management fee expenses	**43.6**	54.1

18 RELATED PARTY TRANSACTIONS (CONTINUED)

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

On 27 October 2017, New World Development (China) Limited ("NWD (China)"), an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Oriental Triumph Inc. ("Oriental Triumph"), a company wholly owned by Mr. Doo Wai-Hoi, William, the Non-executive Vice-chairman of the Company, and under which NWD (China) agreed to sell, and Oriental Triumph agreed to purchase the entire issued share capital of Ramada Property Ltd., which together with its subsidiaries owns and operates the Shanghai Ramada Plaza, New World Shanghai Hotel and pentahotel Shanghai, at a consideration of RMB1.85 billion (equivalent to approximately HK$2.2 billion), subject to customary closing adjustment (the "Disposal"). The Disposal was completed on 28 March 2018.

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

19 EVENT SUBSEQUENT TO PERIOD END

In January 2019, an indirect non-wholly owned subsidiary of the Group issued US$1.0 billion 5.75% senior perpetual capital securities. The proceeds of the capital securities are for general corporate purpose and the capital securities are listed on the Stock Exchange of Hong Kong Limited. The senior perpetual capital securities have no maturity date and the Group has the right to redeem the securities from the holders and the payments of distribution can be deferred at the discretion of the Group. The capital securities will be classified as equity in the consolidated financial statements.

NET DEBT

	As at 31 December 2018 HK$m	As at 30 June 2018 HK$m
Consolidated net debt	**92,177.2**	74,859.0
NWSH (stock code: 0659)	**5,539.8**	3,518.0
NWDS – net cash and bank balances (stock code: 0825)	**(1,077.9)**	(703.6)
Net debt (exclude listed subsidiaries)	**87,715.3**	72,044.6

The Group's debts were primarily denominated in Hong Kong dollar, US dollar and Renminbi. In respect of the Group's operations in Mainland China, the Group maintains an appropriate level of external borrowings in Renminbi for natural hedging of Renminbi contributed to those projects. The Renminbi exposure of the Group is mainly derived from the translation of non-current assets and liabilities of the subsidiaries, associated companies and joint ventures in Mainland China with functional currency of Renminbi and the Renminbi deposits held for future development costs to be expended to Hong Kong Dollar. As at 31 December 2018, the translation of non-current assets and liabilities of subsidiaries, associated companies and joint ventures with functional currency other than Hong Kong Dollar to Hong Kong Dollar by using exchange rates at that day resulted a loss of HK$4,790.9 million is recognised in equity. Apart from this, the Group does not have any material foreign exchange exposure.

The Group's borrowings were mainly arranged on a floating rate basis. The Group used interest rate swaps and foreign currency swaps and forward contracts to hedge part of the Group's underlying interest rate and foreign exchange exposure. As at 31 December 2018, the Group had outstanding derivative instruments in the amounts of HK$10,600.0 million and US$600.0 million (equivalent to approximately HK$4,680.0 million). As at 31 December 2018, the Group had outstanding foreign currency swaps and forward contracts in the aggregate amounts of HK$12,986.7 million. Fuel price swap contracts are also used to hedge against the upside risk of fuel prices of the Group's transport business in the Service segment.

During the period, a wholly-owned subsidiary of the Group issued US$310.0 million (equivalent to approximately HK$2,418.0 million) 4.75% notes due 2023 at the principal amount.

During the period, there was an increase of loan from non-controlling shareholders mainly due to loan from Guangzhou Metro Group Co., Ltd. (廣州地鐵集團有限公司) for the project in relation to the development of a parcel of land located in Hanxi Village, Guangdong amounting to HK$2,813.9 million as mentioned in note 1 of section "Major acquisition and disposal".

As at 31 December 2018, the Group's cash and bank balances (including restricted bank balances) stood at HK$51,990.5 million (30 June 2018: HK$63,456.1 million) and the consolidated net debt amounted to HK$92,177.2 million (30 June 2018: HK$74,859.0 million). The net debt to equity ratio was 35.6%, an increase of 6.3 percentage points as compared with 30 June 2018. The decrease of cash and bank balances was mainly due to the cash payment of 2018 final dividend and amounts used in various property investment and development projects.

As at 31 December 2018, the Group's long-term bank loans, other loans and fixed rate bonds and notes payable amounted to HK$134,029.9 million. Short-term bank and other loans as at 31 December 2018 were HK$10,137.8 million. The maturity of bank loans, other loans and fixed rate bonds and notes payable as at 31 December 2018 was as follows:

	As at 31 December 2018 HK$m	As at 30 June 2018 HK$m
Within one year	**29,263.9**	18,712.5
In the second year	**32,909.8**	28,454.3
In the third to fifth year	**68,303.4**	74,521.6
After the fifth year	**13,690.6**	16,626.7
	144,167.7	138,315.1

Equity of the Group as at 31 December 2018 increased to HK$258,964.3 million against HK$255,181.9 million as at 30 June 2018.

Other Information

DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

At 31 December 2018, the Group had given financial assistance and guarantees to its joint ventures and associated companies (collectively "affiliated companies") as set out below:

	As at 31 December 2018 HK$m	As at 30 June 2018 HK$m
Amounts due by affiliated companies	**42,747.0**	37,045.5
Guarantees given for affiliated companies in respect of banking and other credit facilities	**4,446.5**	5,996.4
Commitments to capital injections and loan contributions	**1,380.5**	2,977.6
	48,574.0	46,019.5

The advances were unsecured and were interest free except for an aggregate amount of HK$20,575.1 million (30 June 2018: HK$13,189.0 million) which carried interest ranging from 2% below Prime rate to 12.2% above LIBOR per annum (30 June 2018: 0.9% above HIBOR to 12.2% above LIBOR per annum). The advances had no fixed repayment terms.

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31 December 2018 are presented as follows:

	Combined statement of financial position HK$m	**Group's attributable interests HK$m**
Non-current assets	**162,459.6**	**77,546.3**
Current assets	**70,463.1**	**31,070.0**
Current liabilities	**(52,408.2)**	**(24,408.0)**
Total assets less current liabilities	**180,514.5**	**84,208.3**
Non-current liabilities	**(125,507.0)**	**(61,951.8)**
Net assets	**55,007.5**	**22,256.5**

The combined statement of financial position of the affiliated companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 31 December 2018.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$0.14 per share in cash for the financial year ending 30 June 2019 to shareholders whose names appear on the register of members of the Company on 26 March 2019. It is expected that the interim dividend will be distributed to shareholders on or about 16 April 2019.

BOOK CLOSE DATES

Book close dates (both dates inclusive)	:	20 March 2019 to 26 March 2019
Latest time to lodge transfer with share registrar	:	4:30 pm on Tuesday, 19 March 2019
Address of share registrar	:	Tricor Tengis Limited Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2018, the Company bought back a total of 23,456,000 shares of the Company on the Hong Kong Stock Exchange at an aggregate consideration of HK$249,533,480 (before expenses). All such bought back shares were subsequently cancelled during the period. As at 31 December 2018, the total number of shares of the Company in issue was 10,201,971,160.

Details of the shares bought back during the period are as follows:

Month	Number of shares bought back	Price paid per share		Aggregate consideration (before expenses)
		Highest	Lowest	
		HK$	HK$	HK$
July 2018	**10,454,000**	**11.28**	**10.66**	**113,408,820**
September 2018	**6,000,000**	**10.92**	**10.62**	**64,512,980**
October 2018	**7,002,000**	**10.46**	**9.82**	**71,611,680**
	23,456,000			**249,533,480**

The above share buy-backs were made with a view to enhancing the earnings per share of the Company and thus benefit the shareholders as a whole.

During the six months ended 31 December 2018, the Company has not redeemed any of its listed securities. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 31 December 2018.

MAJOR ACQUISITION AND DISPOSAL

1. On 27 November 2018, Guangzhou Xinpei Investment Co. Ltd. (廣州新沛投資有限公司) ("GXI"), an indirect wholly-owned subsidiary of the Group, entered into a transfer agreement and a cooperative development agreement with Guangzhou Metro Group Co., Ltd. (廣州地鐵集團有限公司) ("GMG"), pursuant to which GXI acquired a 65% stake in Guangzhou Yaosheng Real Estate Development Co., Ltd. (廣州耀勝房地產開發有限公司) (the "Target") and assumed 65% of GMG's loan to the Target, for a total consideration of RMB4,781,334,136.91. In turn, GMG has agreed to cooperate with GXI to develop a parcel of land located in Hanxi Village, Guangdong which will contain residential, shopping mall and office premises.

2. On 27 December 2018, Earning Star Limited ("Earning Star"), an indirect wholly-owned subsidiary of NWS Holdings Limited and a subsidiary of the Group, entered into a share purchase agreement (the "Agreement") with Bright Victory International Limited ("Bright Victory"), an indirect wholly-owned subsidiary of Tongchuangjiuding Investment Management Group Co., Ltd. (同創九鼎投資管理集團股份有限公司) and certain guarantors of Bright Victory in respect of the acquisition of the entire issued share capital of FTLife Insurance Company Limited ("FTLife"), free from any encumbrance upon completion of the acquisition, by Earning Star from Bright Victory at a total consideration of HK$21.5 billion (subject to adjustments). FTLife is a life insurance company in Hong Kong providing a broad range of protective and savings-related life and medical insurance products, serving both individual and institutional clients via tied agents and brokers. Completion of the acquisition is conditional upon satisfaction and/or waiver of certain conditions precedent as set out in the Agreement.

REVIEW OF INTERIM RESULTS

The Company's unaudited interim results for the six months ended 31 December 2018 have not been reviewed by external auditor, but have been reviewed by the Audit Committee of the Company.

CORPORATE GOVERNANCE CODE

The Company has complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules throughout the six months ended 31 December 2018, with the exception of code provision A.6.4.

Code provision A.6.4 is in relation to guidelines for securities dealings by relevant employees. As required under code provision A.6.4, the Board should establish for its relevant employees written guidelines on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules in respect of their dealings in the securities of the Company. Instead of following the Model Code strictly, the Board has established its own guidelines which are not on no less exacting terms than the Model Code. Such deviation from the CG Code is considered necessary, mainly because of the huge size of employees of the Group which is over 43,000, and the Group's diversified businesses. For these reasons, to follow the exact guidelines of the Model Code will cause immense administrative burden to the Company in processing written notifications from the relevant employees when they deal in the securities of the Company, which can be avoided under the Company's own guidelines.

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

The financial information relating to the year ended 30 June 2018 that is included in the Interim Report 2018/2019 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company had delivered the financial statements for the year ended 30 June 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of the Model Code. Having made specific enquiry of all Directors, the Directors of the Company confirmed that they have complied with the required standard set out in the Model Code during the six months ended 31 December 2018.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors of the Company since the date of the Company's 2018 Annual Report are set out below:

1. Dr. Cheng Chi-Kong, Adrian retired as a member of Board of the West Kowloon Cultural District Authority on 23 October 2018. Further, Dr. Cheng serves as the chairman of the Sustainability Committee of the Board of the Company since 9 November 2018.

2. Mr. Sitt Nam-Hoi, Mr. Cha Mou-Sing, Payson and Mr. Ip Yuk-Keung serve as members of the Sustainability Committee of the Board of the Company since 9 November 2018.

3. Mr. Cheng Kar-Shing, Peter serves as the chairman of The Welfare Fund Limited, name of which was changed to Antonia Welfare Fund Limited on 23 October 2018.

4. Mr. Liang Cheung-Biu, Thomas is a member of the Board of Governors and Mr. Ip Yuk Keung is an Adjunct Professor of Hang Seng Management College, name of which was changed to The Hang Seng University of Hong Kong on 30 October 2018.

5. Mr. Cha Mou-Zing, Victor resigned as an independent non-executive director of SOHO China Limited on 17 August 2018.

6. Ms. Ki Man-Fung, Leonie ceased as the council member of The University of Hong Kong in November 2018. Further, she retired as member of the Executive Committee of Youth Outreach in October 2018 and was appointed as the Honorary Consultant for the School of Hip Hop of Youth Outreach in October 2018.

INVESTOR RELATIONS

The Group values good investor relations and has been committed to maintaining effective communication with investors. We have always offered in a high level of transparency and strived to ensure shareholders' comprehensive and thorough understanding of the Group. Announcements, interim and annual reports, and investor relations website are treated as important public disclosure channels to facilitate investors assessing the company holistically. Besides, we have actively participated in different investor forums and roadshows (both domestic and international), and conducted numerous site visits and meetings with the investment community for effective communication. Feedbacks from the investment community are directly reverted to the management to promote two-way communications between the Board and the investors.

CORPORATE SUSTAINABILITY

Through The Artisanal Movement, New World Group enriches the modern living culture with sustainability for the betterment of society. "New World Sustainability Vision 2030" (SV2030) enhances our customer experience with the elements of "green", "wellness", "smart" and "caring". We are currently developing targets under the SV2030 in connection with the United Nations Sustainable Development Goals. Since the publication of the Annual Report 2018, the Group issued its first green bond to fund two projects in the Greater Bay Area under the NWD Green Finance Framework. The Group recognises the importance of transparency to stakeholders and has published its Sustainability Report (https://www.nwd.com.hk/sustainability/en/publication.html) to disclose the progress and performance of sustainability programmes based on the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guide and Global Reporting Initiative Standards in the past year.

EMPLOYEES AND REMUNERATION POLICIES

At 31 December 2018, over 43,000 staff was employed by entities under the Group's management. Remuneration policies are reviewed annually. Remuneration and bonuses are awarded to employees based on individual performances and are in line with market practices. Education subsidies will be granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. Under the share option schemes of the Company and all the listed subsidiaries of the Group, options may be granted to certain Directors of the Company and certain employees of the Group to subscribe for shares in the Company and/or the respective subsidiaries.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2018, the interests of the Directors in shares, underlying shares and debentures of the Company or any of its associated corporations which were recorded in the register required to be kept by the Company under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

(A) Long position in shares

	Number of shares				Approximate % of shareholding
	Personal interests	Spouse interests	Corporate interests	Total	
New World Development Company Limited (Ordinary shares)					
Mr. Doo Wai-Hoi, William	–	13,137,116	15,979,965 (1)	29,117,081	0.29
Dr. Cheng Chi-Kong, Adrian	700,000	–	–	700,000	0.01
Mr. Cheng Kar-Shing, Peter	–	566,567	–	566,567	0.01
Mr. Ho Hau-Hay, Hamilton	–	–	878,353 (2)	878,353	0.01
Mr. Liang Cheung-Biu, Thomas	10,429	–	–	10,429	0.00
Ms. Ki Man-Fung, Leonie	90,000	–	–	90,000	0.00
New World Department Store China Limited (Ordinary shares of HK$0.10 each)					
Ms. Ki Man-Fung, Leonie	20,000	–	–	20,000	0.00
Ms. Cheng Chi-Man, Sonia	92,000	–	–	92,000	0.01
NWS Holdings Limited (Ordinary shares of HK$1.00 each)					
Dr. Cheng Kar-Shun, Henry	18,349,571	–	12,000,000 (3)	30,349,571	0.78
Mr. Doo Wai-Hoi, William	–	–	6,802,903 (4)	6,802,903	0.17
Mr. Cheng Kar-Shing, Peter	320,097	–	6,463,227 (5)	6,783,324	0.17
Ms. Ki Man-Fung, Leonie	15,000	–	–	15,000	0.00
Sun Legend Investments Limited (Ordinary shares)					
Mr. Cheng Kar-Shing, Peter	–	–	5,000,500 (6)	5,000,500	50.00

Notes:
(1) These shares are beneficially owned by companies which are wholly owned by Mr. Doo Wai-Hoi, William.

(2) These shares are beneficially owned by a company in which Mr. Ho Hau-Hay, Hamilton owns 40.0% of its issued share capital.

(3) These shares are beneficially owned by a company which is wholly owned by Dr. Cheng Kar-Shun, Henry.

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

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

(6) These shares are beneficially owned by a controlled corporation of Mr. Cheng Kar-Shing, Peter.

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

(B) Long position in underlying shares – share options

During the six months ended 31 December 2018, certain Directors of the Company have interests in share options to subscribe for shares in the Company and certain of its subsidiaries. Details of such interests and movement of share options granted by the Company and its subsidiaries under their respective share option schemes are shown below:

(1) Long position in underlying shares of the Company – share options

Share options granted to Directors of the Company

			Number of share options				
Name	Date of grant	Exercisable period (Note)	Balance as at 1 July 2018	Granted during the period (7)	Execised during the period	Balance as at 31 December 2018	Exercise price per share HK$
Dr. Cheng Kar-Shun, Henry	10 June 2016	(1)	**10,675,637**	–	–	**10,675,637**	7.540
	3 July 2017	(2)	**2,000,000**	–	–	**2,000,000**	10.036
Mr. Doo Wai-Hoi, William	3 July 2017	(2)	**100,000**	–	–	**100,000**	10.036
Dr. Cheng Chi-Kong, Adrian	9 March 2016	(3)	**3,800,000**	–	–	**3,800,000**	7.200
	10 June 2016	(1)	**3,736,471**	–	–	**3,736,471**	7.540
	3 July 2017	(2)	**2,000,000**	–	–	**2,000,000**	10.036
Mr. Yeung Ping-Leung, Howard	10 June 2016	(1)	**533,779**	–	–	**533,779**	7.540
	3 July 2017	(2)	**100,000**	–	–	**100,000**	10.036
Mr. Cha Mou-Sing, Payson	10 June 2016	(1)	**533,779**	–	–	**533,779**	7.540
	3 July 2017	(2)	**100,000**	–	–	**100,000**	10.036
Mr. Cheng Kar-Shing, Peter	10 June 2016	(1)	**533,779**	–	–	**533,779**	7.540
	3 July 2017	(2)	**100,000**	–	–	**100,000**	10.036
Mr. Ho Hau-Hay, Hamilton	10 June 2016	(4)	**333,779**	–	–	**333,779**	7.540
	3 July 2017	(2)	**100,000**	–	–	**100,000**	10.036
Mr. Lee Luen-Wai, John	10 June 2016	(1)	**533,779**	–	–	**533,779**	7.540
	3 July 2017	(2)	**100,000**	–	–	**100,000**	10.036
Mr. Liang Cheung-Biu, Thomas	10 June 2016	(1)	**533,779**	–	–	**533,779**	7.540
	3 July 2017	(2)	**100,000**	–	–	**100,000**	10.036
Ms. Ki Man-Fung, Leonie	10 June 2016	(4)	**1,602,016**	–	–	**1,602,016**	7.540
	3 July 2017	(2)	**100,000**	–	–	**100,000**	10.036
Mr. Cheng Chi-Heng	10 June 2016	(1)	**533,779**	–	–	**533,779**	7.540
	3 July 2017	(2)	**100,000**	–	–	**100,000**	10.036
Ms. Cheng Chi-Man, Sonia	10 June 2016	(1)	**3,202,688**	–	–	**3,202,688**	7.540
	3 July 2017	(2)	**100,000**	–	–	**100,000**	10.036
Mr. Au Tak-Cheong	10 June 2016	(4)	**866,693**	–	–	**866,693**	7.540
	3 July 2017	(5)	**300,000**	–	–	**300,000**	10.036
Mr. Sitt Nam-Hoi	10 June 2016	(4)	**767,827**	–	–	**767,827**	7.540
	3 July 2017	(2)	**300,000**	–	–	**300,000**	10.036
	6 July 2018	(6)	–	**600,000**	–	**600,000**	11.040
Mr. So Chung-Keung, Alfred	3 July 2017	(2)	**2,300,000**	–	–	**2,300,000**	10.036
	6 July 2018	(6)	–	**600,000**	–	**600,000**	11.040
Mr. Ip Yuk-Keung	6 July 2018	(6)	–	**600,000**	–	**600,000**	11.040
			36,087,785	**1,800,000**	–	**37,887,785**	

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

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

(1) Long position in underlying shares of the Company – share options (continued)

Share options granted to Directors of the Company (continued)

Notes:
(1) Divided into 4 tranches exercisable from 10 June 2016, 10 June 2017, 10 June 2018 and 10 June 2019 respectively to 9 June 2020.

(2) Divided into 4 tranches exercisable from 3 July 2017, 3 July 2018, 3 July 2019 and 3 July 2020 respectively to 2 July 2021.

(3) Divided into 4 tranches exercisable from 9 March 2016, 9 March 2017, 9 March 2018 and 9 March 2019 respectively to 8 March 2020.

(4) Divided into 3 tranches exercisable from 10 June 2017, 10 June 2018 and 10 June 2019 respectively to 9 June 2020.

(5) Divided into 3 tranches exercisable from 3 July 2018, 3 July 2019 and 3 July 2020 respectively to 2 July 2021.

(6) Divided into 4 tranches exercisable from 6 July 2018, 6 July 2019, 6 July 2020 and 6 July 2021 respectively to 5 July 2022.

(7) The closing price of the shares immediately before 6 July 2018, the date of offer to grant, was HK$11.04.

(8) The cash consideration paid by each Director for the grant of share options is HK$10.0.

Share options granted to other eligible participants

		Number of share options					
Date of grant	Exercisable period (Note)	Balance as at 1 July 2018	Granted during the period [7]	Exercised during the period	Lapsed during the period	Balance as at 31 December 2018	Exercise price per share HK$
27 October 2014	(1)	9,916,638	–	(6,951,673) [8]	(2,964,965)	–	9.485
7 July 2015	(2)	10,219,861	–	(830,103) [9]	(173)	9,389,585	9.966
9 March 2016	(3)	8,970,000	–	(249,000) [10]	–	8,721,000	7.200
10 June 2016	(4)	20,050,907	–	(2,133,533) [11]	(725,319)	17,192,055	7.540
3 July 2017	(5)	40,040,500	–	(1,078,000) [12]	(1,262,500)	37,700,000	10.036
6 July 2018	(6)	–	37,450,000	–	(250,000)	37,200,000	11.040
		89,197,906	37,450,000	(11,242,309)	(5,202,957)	110,202,640	

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

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

(1) Long position in underlying shares of the Company – share options (continued)

Share options granted to other eligible participants (continued)

Notes:

(1) Divided into 4 tranches exercisable from 27 October 2014, 27 October 2015, 27 October 2016 and 27 October 2017 respectively to 26 October 2018.

(2) Divided into 4 tranches exercisable from 7 July 2015, 7 July 2016, 7 July 2017 and 7 July 2018 respectively to 6 July 2019.

(3) Divided into 4 tranches exercisable from 9 March 2016, 9 March 2017, 9 March 2018 and 9 March 2019 respectively to 8 March 2020.

(4) Divided into 4 tranches exercisable from 10 June 2016, 10 June 2017, 10 June 2018 and 10 June 2019 respectively to 9 June 2020.

(5) Divided into 4 tranches exercisable from 3 July 2017, 3 July 2018, 3 July 2019 and 3 July 2020 respectively to 2 July 2021.

(6) Divided into 4 tranches exercisable from 6 July 2018, 6 July 2019, 6 July 2020 and 6 July 2021 respectively to 5 July 2022.

(7) The closing price of the shares immediately before 6 July 2018, the date of offer to grant, was HK$11.04.

(8) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK$10.336.

(9) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK$10.768.

(10) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK$10.498.

(11) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK$10.593.

(12) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK$10.723.

(13) The cash consideration paid by each participant for the grant of share options is HK$10.0.

The fair value of the share options granted during the period is estimated at HK$1.265 per share using the Binomial pricing model. Value is estimated based on the risk-free rate at 1.91% per annum with reference to the market yield rates of the Hong Kong Government Bond as of the value date, a historical volatility of 22.26% calculated based on the historical price with period equals to the life of the options, assuming dividend yield of 4.45% based on the average dividend yield in the past five years and an expected option life of four years.

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

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

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

(2) Long position in underlying shares of NWS Holdings Limited – share options

Share options granted to Director of the Company

Name	Date of grant	Exercisable period (Note)	Number of share options: Balance as at 1 July 2018	Number of share options: Adjusted during the period	Number of share options: Exercised during the period	Number of share options: Balance as at 31 December 2018	Exercise price per share HK$
Dr. Cheng Kar-Shun, Henry	9 March 2015	(1)	**7,420,739**	–	–	**7,420,739**	14.120

Notes:
(1) 60.0% of the share options are exercisable from 9 May 2015 to 8 March 2020 while the remaining 40.0% of the share options are divided into 2 tranches exercisable from 9 March 2016 and 9 March 2017 respectively to 8 March 2020.

(2) The cash consideration paid by the above Director for the grant of share options is HK$10.0.

Share options granted to other eligible participants

Date of grant	Exercisable period (Note)	Number of share options: Balance as at 1 July 2018	Number of share options: Adjusted during the period	Number of share options: Exercised during the period (2)	Number of share options: Lapsed during the period	Number of share options: Balance as at 31 December 2018	Exercise price per share HK$
9 March 2015	(1)	**33,820,654**	–	**(6,169,989)**	–	**27,650,665**	14.120

Notes:
(1) 60.0% of the share options are exercisable from 9 May 2015 to 8 March 2020 while the remaining 40.0% of the share options are divided into 2 tranches exercisable from 9 March 2016 and 9 March 2017 respectively to 8 March 2020.

(2) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK$15.688.

(3) The cash consideration paid by each eligible participant for the grant of share options is HK$10.0.

(C) Long position in debentures

(1) Fita International Limited ("Fita")

Name	Amount of debentures in US$ issued by Fita: Personal interests US$	Family interests US$	Corporate interests US$	Total US$	Approximate % to the total amount of debentures in issue as at 31 December 2018
Mr. Doo Wai-Hoi, William	–	**2,900,000**	**12,890,000** (1)	**15,790,000**	**2.11**
Mr. Lee Luen-Wai, John	**1,000,000**	**1,000,000**	–	**2,000,000**	**0.27**
	1,000,000	**3,900,000**	**12,890,000**	**17,790,000**	

Note:
(1) These debentures are beneficially owned by companies which are wholly owned by Mr. Doo Wai-Hoi, William.

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

(C) Long position in debentures (continued)

(2) New World China Land Limited ("NWCL")

Name	Amount of debentures issued by NWCL				Approximate % to the total amount of debentures in issue as at 31 December 2018
	Personal interests HK$	Family interests HK$	Corporate interests HK$	Total HK$	
Mr. Doo Wai-Hoi, William	–	54,600,000 (1)	1,282,620,000 (2)	1,337,220,000	10.57
Mr. Cheng Kar-Shing, Peter	–	15,600,000 (3)	–	15,600,000	0.12
Mr. Ip Yuk-Keung	–	3,900,000 (4)	–	3,900,000	0.03
	–	74,100,000	1,282,620,000	1,356,720,000	

Notes:

(1) These debentures are held by the spouse of Mr. Doo Wai-Hoi, William, all of which were issued in US$ and had been translated into HK$ using the rate of US$1.0=HK$7.8.

(2) These debentures are held by companies which are wholly owned by Mr. Doo Wai-Hoi, William, of which HK$1,134,120,000 debentures were issued in US$ and had been translated into HK$ using the rate of US$1.0=HK$7.8.

(3) These debentures are jointly-held by Mr. Cheng Kar-Shing, Peter and his spouse, all of which were issued in US$ and had been translated into HK$ using the rate of US$1.0=HK$7.8.

(4) These debentures are jointly-held by Mr. Ip Yuk-Keung and his spouse, all of which were issued in US$ and had been translated into HK$ using the rate of US$1.0=HK$7.8.

(3) NWD Finance (BVI) Limited ("NWD Finance")

Name	Amount of debentures in US$ issued by NWD Finance				Approximate % to the total amount of debentures in issue as at 31 December 2018
	Personal interests US$	Family interests US$	Corporate interests US$	Total US$	
Mr. Doo Wai-Hoi, William	–	–	21,550,000 (1)	21,550,000	1.80
Ms. Ki Man-Fung, Leonie	1,000,000	–	–	1,000,000	0.08
	1,000,000	–	21,550,000	22,550,000	

Note:

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

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

(C) Long position in debentures (continued)

(4) NWD (MTN) Limited ("NWD (MTN)")

Name	Amount of debentures issued by NWD (MTN) Personal interests HK$	Family interests HK$	Corporate interests HK$	Total HK$	Approximate % to the total amount of debentures in issue as at 31 December 2018
Mr. Doo Wai-Hoi, William	–	23,400,000 (1)	156,000,000 (2)	179,400,000	0.82
Ms. Ki Man-Fung, Leonie	11,800,000 (3)	–	–	11,800,000	0.05
	11,800,000	23,400,000	156,000,000	191,200,000	

Notes:

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

(2) These debentures are beneficially owned by a company which is wholly owned by Mr. Doo Wai-Hoi, William and were issued in US$ and had been translated into HK$ using the rate of US$1.0=HK$7.8.

(3) This amount includes HK$7,800,000 debentures which were issued in US$ and had been translated into HK$ using the rate of US$1.0=HK$7.8.

Save as disclosed above, as at 31 December 2018, none of the Directors or chief executive had or deemed to have any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2018, the interests or short positions of substantial shareholders (as defined in the Listing Rules) in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in shares

Name	Number of shares held Beneficial interests	Corporate interests	Total	Approximate % of shareholding
Cheng Yu Tung Family (Holdings) Limited ("CYTFH")(1)	–	4,535,634,444	4,535,634,444	44.46
Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II")(2)	–	4,535,634,444	4,535,634,444	44.46
Chow Tai Fook Capital Limited ("CTFC")(3)	–	4,535,634,444	4,535,634,444	44.46
Chow Tai Fook (Holding) Limited ("CTFHL")(4)	–	4,535,634,444	4,535,634,444	44.46
Chow Tai Fook Enterprises Limited ("CTF")(5)	4,123,491,293	412,143,151	4,535,634,444	44.46

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES (CONTINUED)

Long positions in shares (continued)

Notes:
(1) CYTFH holds 48.98% direct interest in CTFC and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC.

(2) CYTFH-II holds 46.65% direct interest in CTFC and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC.

(3) CTFC holds 81.03% direct interest in CTFHL and is accordingly deemed to have an interest in the shares deemed to be interested by CTFHL.

(4) CTFHL holds 100% direct interest in CTF and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF.

(5) CTF together with its subsidiaries.

Save as disclosed above, no other person was recorded in the register kept pursuant to section 336 of the SFO having an interest in 10.0% or more of the issued share capital of the Company as at 31 December 2018.

OTHER PERSON'S INTERESTS IN SECURITIES

As at 31 December 2018, the interests or short positions of persons (other than Directors or chief executive or substantial shareholders (as defined in the Listing Rules) of the Company) in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in shares

Name	Capacity	Number of shares/ underlying shares held	Total	Approximate % of shareholding
BlackRock, Inc.	Interest of controlled corporation	**535,203,392**	**535,203,392** [(1)]	**5.25**

Short positions in shares

Name	Capacity	Number of shares/ underlying shares held	Total	Approximate % of shareholding
BlackRock, Inc.	Interest of controlled corporation	**12,921,084**	**12,921,084** [(2)]	**0.13**

Notes:
(1) The interests included interests in 479,000 underlying shares through its holding of certain cash settled unlisted derivatives.

(2) The interests included interests in 6,019,478 underlying shares through its holding of certain cash settled unlisted derivatives.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under section 336 of the SFO as at 31 December 2018.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Cheng Kar-Shun, Henry *GBM GBS (Chairman)*
Dr. Cheng Chi-Kong, Adrian *JP*
(Executive Vice-chairman and General Manager)
Mr. Cheng Chi-Heng
Ms. Cheng Chi-Man, Sonia
Mr. Au Tak-Cheong
Mr. Sitt Nam-Hoi
Mr. So Chung-Keung, Alfred

Non-executive Directors

Mr. Doo Wai-Hoi, William *JP*
(Non-executive Vice-chairman)
Mr. Cheng Kar-Shing, Peter
Ms. Ki Man-Fung, Leonie *GBS SBS JP*

Independent Non-executive Directors

Mr. Yeung Ping-Leung, Howard
Mr. Cha Mou-Sing, Payson *JP*
Mr. Cha Mou-Zing, Victor
(Alternate Director to Mr. Cha Mou-Sing, Payson)
Mr. Ho Hau-Hay, Hamilton
Mr. Lee Luen-Wai, John *BBS JP*
Mr. Liang Cheung-Biu, Thomas
Mr. Ip Yuk-Keung

COMPANY SECRETARY

Mr. Wong Man-Hoi

AUDITOR

PricewaterhouseCoopers

SOLICITORS

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

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

REGISTERED OFFICE

30/F., New World Tower,
16-18 Queen's Road Central, Hong Kong
Tel: (852) 2523 1056
Fax: (852) 2810 4673

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of China (Hong Kong)
Bank of Communications
Bank of East Asia
China Construction Bank (Asia)
China Development Bank
China Merchants Bank
Citibank N.A.
DBS Bank
Hang Seng Bank
Industrial and Commercial Bank of China (Asia)
Mizuho Bank
MUFG Bank, Ltd.
Nanyang Commercial Bank
Sumitomo Mitsui Banking Corporation
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation

STOCK CODE

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

INFORMATION FOR INVESTORS

For more information about the Group,
please contact the Investor Relations Department of the Company at:
30/F., New World Tower,
16-18 Queen's Road Central,
Hong Kong
Tel: (852) 2523 1056
Fax: (852) 2810 4673
e-mail: ir@nwd.com.hk

WEBSITE

www.nwd.com.hk

Chinese Version

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

New World Development Company Limited

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www.nwd.com.hk

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