新世界發展有限公司
New World Development Company Limited
(incorporated in Hong Kong with limited liability)
(Hong Kong Stock Code: 0017)

Annual Results Announcement 2008/2009

RESULTS

The board of directors (the "Board") of New World Development Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2009 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 30 June 2009

	Note	**2009 HK$m**	2008 HK$m (Restated)
Revenues	2	**24,415.0**	29,360.8
Cost of sales		**(17,421.8)**	(20,844.8)
Gross profit		**6,993.2**	8,516.0
Other income		**265.2**	109.8
Other gains, net		**1,714.5**	2,174.7
Selling and marketing expenses		**(405.2)**	(441.4)
Administrative expenses		**(1,635.9)**	(1,968.4)
Other operating expenses		**(2,761.2)**	(2,531.1)
Changes in fair value of investment properties		**(1,841.2)**	4,022.6
Operating profit	3	**2,329.4**	9,882.2
Financing income		**807.3**	1,016.9
Financing costs		**(1,068.9)**	(1,282.0)
		2,067.8	9,617.1
Share of results of			
Jointly controlled entities		**2,055.6**	3,613.4
Associated companies		**67.9**	962.4
Profit before taxation		**4,191.3**	14,192.9
Taxation	4	**(439.4)**	(1,444.0)
Profit for the year		**3,751.9**	12,748.9
Attributable to:			
Shareholders of the Company		**2,083.5**	9,685.7
Non-controlling interests		**1,668.4**	3,063.2
		3,751.9	12,748.9
Dividends		**1,158.9**	1,612.2
Earnings per share	5		
Basic		**HK$0.55**	HK$2.59
Diluted		**HK$0.53**	HK$2.49

CONSOLIDATED BALANCE SHEET

As at 30 June 2009

	Note	**2009** **HK$m**	2008 HK$m (Restated)
ASSETS			
Non-current assets			
Investment properties		**31,007.7**	31,577.9
Property, plant and equipment		**7,328.9**	5,987.7
Leasehold land and land use rights		**5,075.8**	4,950.7
Intangible concession rights		**834.1**	1,153.5
Intangible assets		**1,684.0**	1,409.4
Interests in jointly controlled entities		**31,918.5**	30,547.1
Interests in associated companies		**7,828.3**	10,163.3
Available-for-sale financial assets		**5,509.3**	4,796.5
Held-to-maturity investments		**34.6**	33.4
Financial assets at fair value through profit or loss		**378.1**	1,194.4
Derivative financial instruments		**152.1**	-
Properties for development		**11,152.7**	11,174.9
Deferred tax assets		**476.5**	322.2
Other non-current assets		**1,532.2**	1,284.8
		104,912.8	104,595.8
Current assets			
Properties under development		**16,264.1**	18,409.6
Properties held for sale		**14,565.5**	5,901.7
Available-for-sale financial assets		**105.9**	-
Stocks		**402.9**	454.2
Debtors and prepayments	6	**20,914.7**	18,897.5
Financial assets at fair value through profit or loss		**63.3**	629.9
Cash held on behalf of customers		**3,661.9**	3,105.8
Restricted bank balances		**257.2**	636.9
Cash and bank balances		**14,080.0**	13,126.1
		70,315.5	61,161.7
Non-current assets classified as assets held for sale		**1,291.0**	-
		71,606.5	61,161.7
Total assets		**176,519.3**	165,757.5

CONSOLIDATED BALANCE SHEET

As at 30 June 2009

	Note	**2009 HK$m**	2008 HK$m (Restated)
EQUITY			
Share capital		**3,867.3**	3,736.5
Reserves		**69,732.9**	67,718.7
Proposed final dividend		**812.1**	939.6
Shareholders' funds		**74,412.3**	72,394.8
Non-controlling interests		**23,070.7**	22,509.9
Total equity		**97,483.0**	94,904.7
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**33,764.1**	31,361.8
Deferred tax liabilities		**5,096.2**	5,142.8
Other non-current liabilities		**375.0**	461.7
		39,235.3	36,966.3
Current liabilities			
Creditors and accrued charges	7	**21,420.6**	20,656.2
Current portion of long-term borrowings		**7,796.2**	7,193.0
Short-term borrowings		**8,994.7**	4,608.9
Current tax payable		**1,589.5**	1,428.4
		39,801.0	33,886.5
Total liabilities		**79,036.3**	70,852.8
Total equity and liabilities		**176,519.3**	165,757.5
Net current assets		**31,805.5**	27,275.2
Total assets less current liabilities		**136,718.3**	131,871.0

Notes:

1. Basis of preparation

The financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are measured at fair value.

(a) Adoption of new or revised accounting standards

In the current year, the Group has adopted the following amendments to standards and interpretations:

HKAS 39 and HKFRS 7 Amendments	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
HK(IFRIC) – Int 9 and HKAS 39 Amendments	Amendments on Embedded Derivatives

In addition, the Group has early adopted the following revised standards for the year ended 30 June 2009:

HKFRS 3 (Revised)	Business Combinations
HKAS 27 (Revised)	Consolidated and Separate Financial Statements

The adoption of HK(IFRIC) – Int 12, HKFRS 3 (Revised) and HKAS 27 (Revised) has resulted in a change in the accounting policies. The change in the accounting policy in respect of the adoption of HK(IFRIC) – Int 12 has been applied respectively and the changes in the accounting policy in respect of HKFRS 3 (Revised) and HKAS 27 (Revised) have been applied prospectively to transactions during the year ended 30 June 2009. The adoption of other amendments and interpretations does not have a significant effect on the results and financial position of the Group. The details of the changes are set out as below.

HK(IFRIC) – Int 12:
HK(IFRIC) – Int 12 applies to contractual service concession arrangements ("Service Concessions") whereby the Group participates in the development, financing, operation and maintenance of infrastructures for public services, such as toll roads and bridges, power plants and water treatment plants (the "Infrastructures"). Prior to the adoption of HK(IFRIC) - Int 12, the costs incurred for the construction or upgrade work or the acquisition of the Infrastructures under the Service Concessions were accounted for as property, plant and equipment. On the adoption of HK(IFRIC) - Int 12, these Service Concessions are accounted for as intangible assets to the extent that the Group receives a right to charge users of the respective Infrastructures, or as financial assets to the extent that the Group has an unconditional contractual right to receive cash or another financial asset from or at the direction of the granting authorities under the service concession arrangement.

Intangible assets resulting from the application of HK(IFRIC) - Int 12 are recorded in the balance sheet as "Intangible concession rights". The intangible concession rights are amortised, where applicable, on an economic usage basis for roads and bridges or on a straight-line basis for water treatment plants over the periods to which the Group is granted the rights to operate these Infrastructures.

1. Basis of preparation (Continued)

(a) Adoption of new or revised accounting standards (Continued)

Financial assets held by jointly controlled entities resulting from the application of HK(IFRIC) - Int 12 are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Furthermore, the Group recognises income and expenses associated with construction services and upgrade services provided under the Service Concessions in accordance with the Group's accounting policy on construction revenue.

HKFRS 3 (Revised) and HKAS 27 (Revised):
HKFRS 3 (Revised) continued to apply the acquisition method to business combinations, with some significant changes. For example, all acquisition-related costs should be expensed. The cost of acquisition includes the fair value at the acquisition date of any contingent purchase consideration. In a business combination undertaken, the previously held equity interest in the acquiree is remeasured at fair value and the difference between its fair value and carrying amount is recognised in the income statement. There is a choice, on the basis of each acquisition to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

As the Group has early adopted HKFRS 3 (Revised), it is required to early adopt HKAS 27 (Revised) at the same time. HKAS 27 (Revised) provides that the transactions with non-controlling interests that do not result in the loss of control are accounted for as equity transactions and these undertaken transactions will no longer result in goodwill or gains and losses. When control is lost, any remaining interest in the entity is remeasured to fair value and the difference between the fair value and the carrying amount is recognised in the income statement.

The effect of the changes in the accounting policies following the adoption of the relevant new or revised accounting standards on the consolidated income statements for the years ended 30 June 2009 and 2008 are as follows:

	2009			2008
	HK(IFRIC) - Int12	**HKFRS 3 (Revised) and HKAS 27 (Revised)**	**Total**	HK(IFRIC) - Int12
	HK$m	**HK$m**	**HK$m**	HK$m
Increase/(decrease) in profit for the year				
Other gains, net	**-**	**383.2**	**383.2**	-
Administrative expenses				
Amortisation	**(69.3)**	**-**	**(69.3)**	(89.9)
Depreciation	**69.3**	**-**	**69.3**	89.9
Others	**-**	**(4.2)**	**(4.2)**	-
Operating profit	**-**	**379.0**	**379.0**	-
Share of result of jointly controlled entities	**18.3**	**-**	**18.3**	18.6
Profit before taxation	**18.3**	**379.0**	**397.3**	18.6
Taxation	**-**	**-**	**-**	-
Profit for the year	**18.3**	**379.0**	**397.3**	18.6
Attributable to:				
Shareholders of the Company	**10.4**	**272.1**	**282.5**	11.3
Non-controlling interests	**7.9**	**106.9**	**114.8**	7.3
	18.3	**379.0**	**397.3**	18.6
Earnings per share (HK$)				
Basic	**0.003**	**0.071**	**0.074**	0.003
Diluted	**0.003**	**0.071**	**0.074**	0.003

1. Basis of preparation (Continued)

(a) Adoption of new or revised accounting standards (Continued)

The effect of the changes in the accounting policies following the adoption of the relevant new or revised accounting standards on the consolidated balance sheets as at 30 June 2009 and 2008 are as follows:

	2009			2008
	HK(IFRIC) - Int12	**HKFRS 3 (Revised) and HKAS 27 (Revised)**	**Total**	HK(IFRIC) - Int12
	HK\$m	**HK\$m**	**HK\$m**	HK\$m
Increase/(decrease)				
Property, plant and equipment	**(834.1)**	**-**	**(834.1)**	(1,153.5)
Intangible concession rights	**834.1**	**-**	**834.1**	1,153.5
Intangible assets - goodwill	**-**	**(371.4)**	**(371.4)**	-
Interests in jointly controlled entities	**147.6**	**319.1**	**466.7**	129.3
	147.6	**(52.3)**	**95.3**	129.3
Deferred tax liabilities	**30.7**	**-**	**30.7**	30.7
Net assets	**116.9**	**(52.3)**	**64.6**	98.6
Retained profits	**41.6**	**(46.3)**	**(4.7)**	31.1
Exchange reserve	**25.0**	**-**	**25.0**	24.8
Non-controlling interests	**50.3**	**(6.0)**	**44.3**	42.7
Total equity	**116.9**	**(52.3)**	**64.6**	98.6

1. Basis of preparation (Continued)

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

The following new/revised standards, amendments and interpretations are mandatory for the Group's accounting periods beginning on or after 1 July 2009 but which the Group has not early adopted, are as follows:

Effective for the year ending 30 June 2010

HKFRS 1 (Revised)	First-time Adoption of HKFRS
HKFRS 1 and HKAS 27 Amendments	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendments	Vesting Conditions and Cancellations
HKFRS 7 Amendments	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 Amendments	Eligible Hedged Items
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs Amendments	Improvement to HKFRSs 2008

Effective for the year ending 30 June 2011

HKFRS 1 Amendments	Additional Exemptions for First-time adopters
HKFRS 2 Amendments	Group Cash-settled Share-based Payment Transactions
HKFRSs Amendments	Improvement to HKFRSs 2009

The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretations, certain of which are relevant to the Group's operation and will give rise to changes in presentation, disclosures and measurements of certain items in the financial statements.

2. Segment information

(a) Business segments

	Property investment HK$m	Property development HK$m	Service HK$m	Infra-structure HK$m	Telecom-munications HK$m	Department stores HK$m	Hotel operations HK$m	Others HK$m	Eliminations HK$m	Con-solidated HK$m
2009										
External	1,496.5	2,112.6	14,719.0	278.1	892.8	2,368.2	2,267.7	280.1	–	24,415.0
Inter-segment	215.6	–	2,394.4	–	59.2	–	–	–	(2,669.2)	–
Revenues	1,712.1	2,112.6	17,113.4	278.1	952.0	2,368.2	2,267.7	280.1	(2,669.2)	24,415.0
Segment results	1,001.6	233.0	823.1	128.3	8.7	526.6	308.8	70.5	–	3,100.6
Other gains, net	231.3	894.4	(208.7)	506.9	(7.3)	9.4	(335.3)	623.8	–	1,714.5
Changes in fair value of investment properties	(1,841.2)	–	–	–	–	–	–	–	–	(1,841.2)
Unallocated corporate expenses										(644.5)
Operating profit										2,329.4
Financing income										807.3
Financing costs										(1,068.9)
										2,067.8
Share of results of										
Jointly controlled entities	406.2	282.1	439.1	1,050.1	–	–	(87.7)	(34.2)	–	2,055.6
Associated companies	199.8	(7.8)	(73.0)	9.2	(66.4)	(2.1)	(0.2)	8.4	–	67.9
Profit before taxation										4,191.3
Taxation										(439.4)
Profit for the year										3,751.9
Segment assets	32,765.5	51,057.3	17,446.9	1,920.4	1,347.4	4,729.4	6,136.4	6,403.4	–	121,806.7
Interests in jointly controlled entities	5,888.2	9,401.0	4,262.8	10,822.3	–	–	958.2	586.0	–	31,918.5
Interests in associated companies	1,652.3	1,148.8	2,459.4	351.4	2,047.2	0.9	112.4	55.9	–	7,828.3
Unallocated assets										14,965.8
Total assets										176,519.3
Segment liabilities	696.9	7,210.6	10,310.0	202.5	186.0	1,762.4	644.7	782.5	–	21,795.6
Unallocated liabilities										57,240.7
Total liabilities										79,036.3
Capital expenditure	1,075.4	70.8	656.2	–	121.8	593.4	609.7	24.8	–	3,152.1
Depreciation and amortisation	40.4	112.6	137.9	69.3	49.0	189.9	280.5	31.7	–	911.3
Impairment charge and provision	65.8	57.4	155.6	–	7.3	–	394.2	338.0	–	1,018.3

2. Segment information (Continued)

(a) Business segments

	Property investment HK$m	Property development HK$m	Service HK$m	Infra-structure HK$m	Telecom-munications HK$m	Department stores HK$m	Hotel operations HK$m	Others HK$m	Eliminations HK$m	Con-solidated HK$m
2008 (Restated)										
External	1,433.2	4,632.9	16,851.5	327.4	962.1	2,236.0	2,505.0	412.7	–	29,360.8
Inter-segment	228.5	–	1,856.8	–	65.1	–	–	–	(2,150.4)	–
Revenues	1,661.7	4,632.9	18,708.3	327.4	1,027.2	2,236.0	2,505.0	412.7	(2,150.4)	29,360.8
Segment results	1,036.8	1,008.5	1,019.4	130.2	(44.3)	434.3	599.2	139.0	–	4,323.1
Other gains, net	86.8	88.3	16.6	(16.2)	(323.1)	1,690.4	112.1	519.8	–	2,174.7
Changes in fair value of										
Investment properties	4,022.6	–	–	–	–	–	–	–	–	4,022.6
Unallocated corporate expenses										(638.2)
Operating profit										9,882.2
Financing income										1,016.9
Financing costs										(1,282.0)
										9,617.1
Share of results of										
Jointly controlled entities	581.7	1,670.0	335.6	985.6	–	–	18.1	22.4	–	3,613.4
Associated companies	519.0	25.6	143.8	188.5	62.6	–	0.8	22.1	–	962.4
Profit before taxation										14,192.9
Taxation										(1,444.0)
Profit for the year										12,748.9
Segment assets (Restated)	34,133.8	44,384.0	15,446.2	2,421.2	1,281.3	3,554.6	3,294.8	6,446.0	–	110,961.9
Interests in jointly controlled entities	4,118.3	11,787.8	4,269.2	8,681.6	–	–	1,036.1	654.1	–	30,547.1
Interests in associated companies	3,181.9	1,528.3	2,233.1	849.4	2,207.5	–	116.7	46.4	–	10,163.3
Unallocated assets										14,085.2
Total assets										165,757.5
Segment liabilities	520.7	5,817.5	9,795.2	414.7	221.4	1,603.2	1,242.9	1,502.3	–	21,117.9
Unallocated liabilities										49,734.9
Total liabilities										70,852.8
Capital expenditure	2,099.3	491.5	1,050.4	4.0	69.1	294.8	1,235.0	38.8	–	5,282.9
Depreciation and amortisation	65.2	162.6	134.1	92.4	99.3	153.1	211.3	49.0	–	967.0
Impairment charge and provision	19.6	16.1	20.1	38.6	323.1	–	3.2	212.0	–	632.7

2. Segment information (Continued)

(b) Geographical segments

	Revenues HK$m	Segment assets HK$m	Capital expenditure HK$m
2009			
Hong Kong and others	**14,291.7**	**73,344.6**	**1,292.4**
Mainland China	**6,380.9**	**46,890.2**	**1,859.7**
Macau	**3,742.4**	**1,571.9**	**-**
	24,415.0	**121,806.7**	**3,152.1**
2008			
Hong Kong and others	15,879.1	66,936.1	2,714.9
Mainland China	7,764.9	41,864.0	2,554.5
Macau	5,716.8	2,161.8	13.5
	29,360.8	110,961.9	5,282.9

The Group's revenues, segment assets and capital expenditure attributed to Southeast Asia and North America account for an insignificant portion of the Group's total revenues, segment assets and capital expenditure respectively, and have been included under Hong Kong and others.

3. Operating profit

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

	2009 HK$m	2008 HK$m
Other investment income	**265.2**	109.8
Gain on deemed disposal of interests in subsidiaries	**-**	1,695.3
Net profit on disposal of		
Non-current assets classified as assets held for sale	**274.5**	-
Available-for-sale financial assets	**410.6**	203.9
Partial interests in subsidiaries	**-**	81.0
Subsidiaries	**604.7**	47.4
Recovery from the PrediWave Companies	**-**	431.5
Fair value gain on non-controlling interests retained after disposal of partial interest in a subsidiary	**319.1**	-
Cost of inventories sold	**(3,618.2)**	(4,851.4)
Depreciation and amortisation	**(911.3)**	(967.0)
Impairment loss on		
Available-for-sale financial assets	**(396.3)**	(34.2)
Intangible assets	**(86.9)**	(8.1)
Loans receivable and other assets	**(90.0)**	(221.8)
Property, plant and equipment, leasehold land and land use rights, and intangible concession rights	**(445.1)**	(368.6)

4. Taxation

	2009 **HK$m**	2008 HK$m
Current taxation		
Hong Kong profits tax	**449.7**	445.4
Mainland China and overseas taxation	**373.6**	337.7
Mainland China land appreciation tax	**70.8**	143.9
Deferred taxation		
Valuation of investment properties	**(327.4)**	587.1
Other temporary differences	**(127.3)**	132.6
Effect of change in tax rate	**-**	(202.7)
	439.4	1,444.0

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year.

Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profit for the year at the rates of taxation prevailing in the countries in which the Group, jointly controlled entities and associated companies operate. These rates range from 9% to 25% (2008: 3% to 33%).

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2008: 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 taxation of jointly controlled entities and associated companies of HK$346.7 million and HK$69.0 million (2008: HK$973.7 million and HK$179.9 million) respectively, are included in the income statement as share of results of jointly controlled entities and associated companies.

5. Earnings per share

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

	2009 HK$m	2008 HK$m (Restated)
Profit attributable to shareholders of the Company	**2,083.5**	9,685.7
Effect of dilutive potential ordinary shares		
Interest expense on convertible bonds	**-**	259.9
Adjustment on the effect of dilution in the results of subsidiaries	**(51.6)**	(91.8)
Profit for calculating of diluted earnings per share	**2,031.9**	9,853.8

	Number of shares (million)	
	2009	2008
Weighted average number of shares for calculating basic earnings per share	**3,799.5**	3,732.8
Effect of dilutive potential ordinary shares		
Convertible bonds	**-**	224.0
Share options	**-**	1.1
Weighted average number of shares for calculating diluted earnings per share	**3,799.5**	3,957.9

Diluted earnings per share for the year ended 30 June 2009 did not assume the conversion of the convertible bonds and the exercise of share options outstanding during the year since their conversion and exercise would have an anti-dilutive effect.

6. Trade debtors

Aging analysis of trade debtors is as follows:

	2009 HK$m	2008 HK$m
Current to 30 days	**6,630.5**	4,671.4
31 to 60 days	**316.4**	488.5
Over 60 days	**552.6**	933.2
	7,499.5	6,093.1

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

7. Trade creditors

Aging analysis of trade creditors is as follows:

	2009 HK$m	2008 HK$m
Current to 30 days	**6,286.0**	6,071.0
31 to 60 days	**495.4**	586.6
Over 60 days	**1,098.5**	2,204.3
	7,879.9	8,861.9
Payable arising from securities business *(Note)*	**4,694.1**	3,667.1
	12,574.0	12,529.0

Note:

Payables arising from securities business mainly represent accounts payable to clients, brokers, dealers and clearing houses. The majority of these accounts payable balances are repayable on demand except where certain accounts payable to clients represent those required margin deposits received from clients for their trading activities in the normal course of business.

8. Contingent liabilities

The Group's contingent liabilities as at 30 June 2009 amounted to HK$6,638.7 million (2008: HK$6,432.5 million).

9. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

DIVIDENDS

The Board has resolved to recommend a final dividend of HK$0.21 per share (2008: HK$0.25 per share) comprising a cash dividend of HK$0.01 per share (which is being paid in order to ensure that the shares of the Company continue to qualify as Authorised Investments for the purpose of the Trustee Ordinance of Hong Kong) and a scrip dividend by way of an issue of new shares equivalent to HK$0.20 per share with a cash option to shareholders registered on 9 December 2009. Together with the interim dividend of HK$0.09 per share paid in June 2009, total distribution for 2009 would thus be HK$0.30 per share (2008: HK$0.43 per share).

Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholder could elect to receive in cash and that they be given the option to elect to receive payment in cash of HK$0.20 per share instead of the allotment of shares. Full details of the scrip dividend will be set out in a letter to be sent to shareholders together with a form of election for cash on or about 10 December 2009.

BOOK CLOSE DATES

Book close dates (both days inclusive)	:	2 December 2009 to 9 December 2009
Latest time to lodge transfer with Share Registrars	:	4:00 p.m. on Tuesday, 1 December 2009
Address of Share Registrars	:	Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company has not redeemed any of its listed securities. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities.

BUSINESS REVIEW

Hong Kong Property Development

Starting from September 2008, Hong Kong economy, including the property market, had been inevitably affected by the global financial turmoil. The worry of economic downturn and the tightening of liquidity cradled a negative sentiment for the property market. Transaction volume and property values recorded substantial reduction. In order to avoid economic depression, the central banks of many nations announced generous economic and liquidity stimulus packages.

In the second quarter of 2009, following the Mainland property market, the property market in Hong Kong had shown signs of stabilization. Low interest rate and encouraging performance of the stock market triggered the turnaround of market sentiment. Local homebuyers have regained confidence with improved affordability. Transaction volume and property prices are both growing healthily.

During the period under review, the Group's effective share of property sales amounted to approximately HK$1,653.7 million. The contributions were mainly from the re-launch of Harbour Place (海濱南岸), sales of Block A of Wylie Court (衛理苑A座), Prince Ritz (太子滙) and other inventories.

Our project in Yuen Long, the Emerald Green (翹翠峰), was launched in March 2009. As at 30 June 2009, over 64% of the residential units were sold. Our luxury trophy project, The Masterpiece (名鑄), has received overwhelming market responses since its launch in August 2009.

In the pipeline, the Group will launch five new projects with over 1,337 units to the market in 2010 and 2011. They are 42-44 Belcher's Street in Western District (西環卑路乍街42－44號), 9-12 Chun Fai Terrace in Tai Hang (大坑春暉臺9－12號), Tong Yan San Tsuen Phase I in Yuen Long (元朗唐人新村一期), 55 Conduit Road in Mid-Levels (半山干德道55號) and the Che Kung Temple Station Project in Sha Tin (沙田車公廟站項目).

During the period under review, the Group has paid approximately HK$4 billion of land premium for two property projects, namely Lung Tin Tsuen Project in Yuen Long (元朗龍田村項目) and Che Kung Temple Station Project in Sha Tin (沙田車公廟站項目). Total gross floor area (''GFA'') involved is approximately 1.9 million sq ft.

Currently, the Group has a landbank of 4.5 million sq ft total GFA for immediate development. The Group also has a total of over 21.5 million sq ft of agricultural land reserve pending conversion.

Landbank location	Attributable GFA (sq ft)
Hong Kong Island	437,419
Kowloon	1,155,499
New Territories (excluding areas pending agricultural land conversion)	2,938,054
Total	4,530,972

Agricultural landbank by location	Total land area (sq ft)	Attributable land area (sq ft)
Yuen Long	14,491,500	13,090,000
Sha Tin / Tai Po	3,412,000	2,526,000
Fanling	2,260,000	2,260,000
Sai Kung	1,265,000	1,028,000
Tuen Mun	120,000	120,000
Total	21,548,500	19,024,000

The Group is now negotiating with the government on the land premium for conversion of 6.6 million sq ft agricultural land, most of them designated for residential usage, including the Wu Kai Sha Project (烏溪沙項目), the Tai Tong Road Project (大棠路項目) and the Tai Po Tsai Project (大埔仔項目). These three projects are expected to provide an approximately 1.81 million sq ft attributable GFA to the Group.

In addition to farmland conversion, the Group is also seeking various sources to replenish its landbank, including public auctions, private acquisition and tendering for development projects offered by Urban Renewal Authority and the MTRC.

Hong Kong Property Investment

The global financial tsunami drowned quite a number of multinational corporations. The big waves also triggered a lot of companies downsizing and even closing their operations in Hong Kong. The demand and rental rate of prime office buildings were greatly reduced. However, limited supply of prime office spaces and the global economic boosting measures mitigated the weak market sentiment. Signs of stabilization have recently been observed in the office market.

Nevertheless, the existing average rental rates of portfolio of Hong Kong landlords were behind the reduced asking rate in the prevailing market. Positive rental reversion was still going on. In FY2009, the Group's gross rental income in Hong Kong maintained positive growth and amounted to HK$1,259.1 million, an increase of 4% year-on-year. All the major projects in the Group's investment portfolio attained satisfactory occupancy.

Retail market in Hong Kong was also adversely affected by the economic downturn. However, the consumption of the Mainland tourists provided a strong cushion effect.

K11, the first Art Mall in the world, is scheduled to be opened in the fourth quarter of 2009. Located at the hub of the city, this 340,000 sq ft, six-storey shopping mall has already attracted a number of new designer boutiques, flagship stores, food and beverage outlets, including international brands newly introduced to Hong Kong. The renowned shopping mall together with the deluxe hotel, Hyatt Regency Hong Kong and luxury residences, The Masterpiece, is situated at the Group's trophy downtown development project overlooking the Victoria Harbour.

Hotel

Hong Kong hotel industry has experienced rigorous challenges since the third quarter of 2008. The global economic downturn triggered by US sub-prime turmoil led to a substantial decrease of corporate and individual travellers. Postponement of corporate business trips and cancellation of leisure travels dampened the overall arrivals volumes and hotel occupancies. Travellers' reluctance to patronize high-end luxury hotels and intensified competition among peers led to lower average room rate.

The situation was further deteriorated due to the outbreak of H1N1 in April 2009. Nevertheless, as the global economy has shown signs of stabilization and travellers' concerns about the disease have gradually receded, the decline in arrivals to Hong Kong has been narrowed.

During the period under review, the Group's hotels in Hong Kong recorded a drop in contributions to the Group as a result of the weak economy and the threat of the infectious disease. Grand Hyatt Hong Kong, Renaissance Harbour View Hotel and Renaissance Kowloon Hotel recorded an average occupancy of 72%, and the average room rate was modestly affected with 11% decrease.

Excluding global economic downturn and the spread of H1N1, the drop of contribution from hotel segment was mainly due to the partial renovation of Courtyard by Marriot Beijing and New World Mayfair Hotel Shanghai, the pre-mature results of the newly launched New World Hotel Wuhan, New World Hotel Dalian and Hyatt Regency Hong Kong, Sha Tin, together with the pre-opening expenses charged to income statement for Hyatt Regency Hong Kong, Tsim Sha Tsui during the period under review.

The Group's Penta Hotel Shanghai, Hyatt Regency Hong Kong, Sha Tin and New World Hotel Dalian have been operating smoothly since operational in FY2009. These three hotels providing total 1,256 rooms in Mainland and Hong Kong have further enhanced our existing hotel portfolio. Also, the Hyatt Regency Hong Kong, Tsim Sha Tsui was opened in October 2009 to provide 381 rooms.

The reinforcement in promoting Hong Kong as an international tourist hub by the government across the region and the confirmation of tourism-related initiatives in the CEPA's supplement should continue to boost the travel sentiment and help foster the development of Hong Kong's tourism.

NWS Holdings Limited ("NWSH")

The recent period of economic uncertainty has posed a limited negative effect on the NWSH's well-managed portfolio which has proved to be highly sustainable. Despite the worldwide economic downturn, and excluding the standalone effect of the sale of the Harbour Place residential flats, NWSH's profits for FY2009 stood at a healthy HK$2,191 million, representing a mild decrease of less than 1% as compared to HK$2,204 million for FY2008.

Service

Hong Kong Convention and Exhibition Centre ("HKCEC") continued to provide a steady source of income and cash inflow to the Group. A total of 1,076 events were held during the year and patronage exceeded 4.2 million. Construction works for the Atrium Link extension were substantially completed in April 2009 and its total rental space has been increased to 91,500 sq m. The purpose-built exhibition hall space of 66,000 sq m enables HKCEC to host bigger and better mega-sized exhibitions and maintain its leading position in the market.

Free Duty, the duty free tobacco and liquor retail business at various cross-boundary transportation terminals in Hong Kong, achieved very satisfactory results in FY2009. Benefiting from the steady traffic growth via railway between Hong Kong and Mainland China, Free Duty in Lo Wu and Hunghom MTR Stations, which commenced in January 2008, produced outstanding results in FY2009. However, the ongoing global economic recession together with the human swine influenza outbreak have caused a decline in patronage at the Hong Kong International Airport.

The Facility Services business, including property management, security guarding, professional cleaning services and laundry, continued to contribute a stable profit and cashflow to the Group in FY2009. Our property management portfolio covers over 16.5 million sq m of commercial, industrial and residential areas in Hong Kong and Mainland China.

The Contracting business recorded a drop in contribution in FY2009. Macau projects still remained to be the major profit contributor of the Contracting business. Contributions from Hong Kong projects decreased as a result of an additional provision of approximately HK$180.0 million made for one major project due to potential claims for liquidated damages and foreseeable loss. As at 30 June 2009, the gross value of contracts on hand for the Construction Group was approximately HK$20.5 billion.

During the year, through joint ventures with partners, NWSH succeeded in securing the design and build project of Tseung Kwan O Hospital in Hong Kong and the Masdar Institute of Science and Technology project in Abu Dhabi. Although the impact of the global financial tsunami is yet to be fully reflected, the management is cautiously optimistic about the medium to long-term prospects in Hong Kong. NWSH is well positioned to take advantage of the mega-sized projects. The performance of the mechanical and engineering business remained satisfactory with an improved gross profit margin. The total contracts on hand as at 30 June 2009 amounted to HK$6.0 billion.

Transport business achieved a significant increase in contribution over FY2008. It was primarily due to the gain on disposal of fixed assets and the drop in fuel costs during the year. The improved results were also due to the one-off impairment provision made for an investment in Mainland China last year. Without the aforementioned disposal gain and impairment provision, the Transport business in effect recorded a 22% increase in profit over FY2008.

A significant drop in contribution from Taifook Securities Group Limited ("Taifook Securities") was chiefly due to the substantial decline in earnings from its core operations including brokerage service, corporate finance and margin finance for FY2009. Its businesses seriously deteriorated due to the lack of turnover volume in the equity markets and contraction in fund-raising activities from IPOs as a consequence of the global financial tsunami. Although the equity trading activities turned slow during FY2009, the demand for brokering services for futures and other commodities remained strong and helped to mitigate the decline in earning. Moreover, the market has shown clear signs of rebound since March 2009 with increased turnover and significant improvement in contribution recorded in the second quarter of 2009. It is expected that the financial market will remain volatile until concrete signs of global economic recovery emerge.

As a global professional services provider specializing in integrated business, corporate and investor services, Tricor Holdings Limited ("Tricor") has successfully expanded into 21 cities in 12 countries/territories throughout Asia and worldwide. Caught in the global financial market slowdown, Tricor's revenue for FY2009 dropped slightly as compared to FY2008.

Infrastructure

The Infrastructure operation sustained a drop in contribution mainly due to the high coal price that attacked the profitability of the energy division. Nevertheless, a series of restructuring initiatives were accomplished in several roadways in Guangxi Province, Wuhan Airport Expressway and Wenzhou Zhuangyuan Ao New World International Terminals Company Limited during the year, resulting in a net gain of HK$215.7 million.

The global financial tsunami has adversely impacted on the economic activities of Mainland China, especially within the Pearl River Delta Region. Average daily traffic flow of Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway - Guangzhou-Zhuhai Section decreased by 2% and 11% respectively. Toll income of Tangjin Expressway - Tianjin North Section grew by 25% with an increase of 28% in average daily traffic flow, which was partly due to the diversion of traffic to the expressway during the Olympic period and partly due to the economic development of the Bohai Rim region.

In FY2009, the combined electricity sales of Zhujiang Power Plants fell by 17% during the year due to the economic downturn. Although there were two tariff hikes in FY2009, the results of the power plant were severely impaired by the high fuel costs during the year. Electricity sales of Macau Power grew by 4% despite the delays and suspension of works of some mega-sized construction projects in Macau. Chengdu Jintang Power Plant reported a growth of 19% in electricity sales for FY2009, as the two-generation units commenced operation in June and October 2007 respectively.

The acquisitions of 7.5% interest in Chongqing Water Group and an effective 26.03% interest in Tianjin Jieyuan Water Plant were completed in August 2008 and March 2009 respectively and have contributed positively to the Group in FY2009.

During the period under review, Xiamen New World Xiangyu Terminals Co., Ltd. reported a 7% reduction in throughput volume to 696,000 TEUs mainly due to sluggish trade. As a result of competition from new terminals and the economic downturn, the throughputs of Tianjin Orient Container Terminals Co., Ltd. and Tianjin Five Continents International Container Terminal Co., Ltd. fell by 24% to 857,000 TEUs and by 4% to 1,920,000 TEUs respectively.

ATL Logistics Centre recorded a steady profit with a staggering average occupancy rate at 99% in FY2009. Owing to the time lag effect of its leasing business, an increase in overall average rental was observed as the impact of global freight market downturn was not fully reflected during this year. However, both container freight station revenue and gate charge revenue were reduced when compared to FY2008 as a result of a significant drop in sea-freight and air-freight cargo volumes in Hong Kong.

China United International Rail Containers Co., Ltd. ("CUIRC"), the joint venture company that develops 18 rail container terminals in Mainland China, was established in March 2007. The current standalone facility in Kunming is operating smoothly with a total throughput of 159,000 TEUs handled in FY2009. The construction of the terminals in Zhengzhou, Chongqing and Dalian is expected to be completed in late 2009. The construction works on the next batch of terminals in Qingdao, Chengdu, Xian and Wuhan are also underway and expected to be completed in 2010. Upon the completion of these new terminals, an initial railway terminal network for CUIRC will be established, serving strategic locations at major seaports and inland cities in Mainland China.

New World China Land Limited ("NWCL")

During the period under review, China property market has experienced negative effects from both the austerity measures previously imposed by the Central Government and the global economic downturn triggered by the US sub-prime turmoil. In order to stimulate the economy by achieving a year-on-year 8% growth in GDP, Central Government has ambitiously adopted a series of stimulus policies, including monetary easing and support measures for various sectors, to promote stable and fairly fast economic growth since early 2009. The record lending spree recorded in the first half of 2009 not only boosted the economic growth, but also improved the sentiment of property market. The China property market has shown sign of recovery since the end of the first quarter in 2009 with significant increase in prices and sales volume.

In FY2009, NWCL recorded a profit of HK$1,359.4 million, a decrease of 33% from FY2008. The decrease in profit for the year was mainly attributable to the effect from changes in fair value of investment properties which recorded at a gain of HK$257.7 million as compared to last year's gain of HK$406.1 million and also the effect of foreign exchange gain of HK$38.7 million as opposed to a gain of HK$515.0 million in the last financial year end when Renminbi appreciated by over 8%. Without taking into account the effect of the aforementioned non-operating items and other exceptional items, the underlying core profit from NWCL's four core business operations in fact reached HK$1,426.9 million, representing a marginal increase of 2% over last year.

During the period under review, the overall property sales performance of NWCL was dampened by the poor market sentiment and uncertain property market outlook, with 47% drop in sales volume to a total GFA of 472,110 sq m with gross sale proceeds of over RMB$3.4 billion. These negative impacts were however mitigated by considerable cost savings achieved and contribution from various disposals of property development projects. The achieved average gross margin maintained at a stable level of 33.2% in FY2009.

In FY2009, NWCL has completed 11 property development projects in Dalian, Wuhan, Changsha, Guangzhou, Guiyang and Zhaoqing with a total gross floor area of 685,526 sq m, representing a 26% decrease year-on-year. The decrease was mainly due to the rescheduling of the completion progress and the pre-sale launching programme under the slowed sentiment of property market.

Benefited from the high occupancy rates of our investment property portfolio, namely Shanghai Hong Kong New World Tower, Wuhan New World Centre and Wuhan New World Trade Tower, NWCL has achieved an increase of 13% to HK$440.1 million in contributions from rental operation.

In FY2009, NWCL's investment property portfolio has increased by 173,100 sq m from the completion of seven investment properties and carparks in Dalian, Wuhan, Guangzhou and Zhaoqing.

New World Department Store China Limited ("NWDS")

In FY2009, the total revenue of NWDS amounted to HK$1,721.2 million, grew by 15.6% year-on-year. Net profit stood at HK$547.3 million, an increase of 14.8% compare to the previous year.

In the year under review, NWDS opened three new stores in Beijing, Wuhan and Taizhou. They included two self-owned stores of Wuhan Hanyang Branch Store (武漢漢陽店) and Taizhou Store (台州店), as well as one managed store of Beijing Liying Store (北京利瑩店). The expansion of Harbin Store (哈爾濱店) is in phased operation starting from May 2009.

NWDS made two acquisitions during the period under review. Two managed stores, namely Kunming Store (昆明店) and Ningbo Trendy Store (寧波匯美店), were acquired and converted to self-owned stores in March and April 2009 respectively. After the acquisition, NWDS owns its first self-owned store in Southwestern China, which helps consolidate its market position in the region.

At the end of June 2009, NWDS business network comprised 22 self-owned stores and 11 managed stores, with a total GFA of about 1,063,470 sq m. Located in five operational regions, namely Northeastern China, Northern China, Eastern China, Central China and Southwestern China, the stores covered 17 major cities in the PRC. These included Wuhan, Shenyang, Wuxi, Harbin, Tianjin, Ningbo, Beijing, Shanghai, Dalian, Kunming, Lanzhou, Taizhou, Changsha, Chongqing, Chengdu, Anshan and Nanjing.

In the period under review, the Central Region contributed the most to NWDS's revenue, accounting for 31.8% of total revenue, followed by the Eastern China Region and the Northeastern China Region, accounting for 28.6% and 25.1% respectively.

In June 2009, NWDS announced to rebrand its image with new operation concept of "Fashion Style" and "Living Style", offering customers an entirely new shopping experience. The new NWDS concept abandons the conventional class-basis positioning and initiates "Fashion Style" and "Living Style" concept in the retail industry by categorizing the stores into two types: "Fashion Gallery" and "Living Gallery", stores with a smaller GFA will be converted to "Fashion Gallery" while selected stores with a larger GFA will be transformed into "Living Gallery".

Rebranding of NWDS will be implemented by phases in different regions. Northeastern region will be the first region to be inaugurated with Shenyang as the pilot city. Northern region and Eastern region will commence the rebranding project in 2010 with Beijing and Shanghai as the pilot cities respectively. Central region and Southwestern region will start the revamp in 2011 whereas Wuhan and Chengdu as the respective cities to embark on. The whole project is expected to complete in two years.

The rebranding programme will be implementing by three stages in order to offer a refreshing outlook to consumers. Revamping the merchandize mix will be the first phase; refining the graphic design and decoration of the store is the second phase; upgrading the exterior and interior design as well as the shopping atmosphere of the store as the third phase.

Telecommunications

During the year under review, New World Telecommunications Limited ("NWT") endeavored to restructure its business to trim off unprofitable business and impose stringent cost control measure. NWT broke even in FY2009.

The Group owns 23.6% of CSL New World Mobility Group ("CSLNWM"). In FY2009, CSLNWM recorded revenue of HK$5,675 million, down 11.3%. The revenue decline has predominantly been driven by lower volume of handset sales following a significant slow down in consumer spending. Additionally, CSLNW has experienced lower local voice revenue, lower outbound roaming voice revenue and prepaid revenue. Outbound roaming voice revenue has been particularly impacted by the global economic climate and the reduction in travel out of Hong Kong. In the context of a challenging economic environment, EBITDA has declined by 24.2% for FY2009. The EBIT recorded a loss of HK$312 million and the decline was impacted by accelerated depreciation on the company's old networks, following the decision to invest in new network technologies and acceleration in the phasing out of the old networks. The acceleration commenced in the second half of fiscal 2008 and finished in June 2009, resulting in a year-on-year increase in depreciation expenses of HK$370 million.

New World Strategic Investment Limited ("NWSI")

NWSI is a wholly-owned subsidiary and the direct investment arm of New World Group. Since its establishment in August 2007, NWSI has been setting its sight on pre-IPO and value-enhancing investment opportunities, focusing on investing in fast-growing private companies one to three years before they go public, and with a view to maximizing the return for both NWSI and our partners through our synergies.

In pursuit of its "new strategy, new thinking" objective, NWSI continues to identify investment projects with development potential in various areas. In 2007, NWSI together with its affiliates invested in Renhe Commercial Holdings Company Limited ("Renhe Commercial"). Renhe Commercial is principally engaged in the operation and construction of underground shopping centres mainly for the wholesale of garments, apparel and accessories in the PRC. Renhe Commercial succeeded in listing its shares on the main board of the Stock Exchange of Hong Kong Limited in October, 2008.

During the period under review, NWSI also invested in such promising sectors as commercial retail, resources and renewable energy, so as to capitalize on the opportunities arising on the rapid economic growth of the PRC.

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

	FY2009 HK$m	FY2008 HK$m
Consolidated net debt	**34,187.5**	26,929.7
NWSH (stock code: 0659)	**3,600.9**	4,666.7
NWCL (stock code: 0917)	**12,115.6**	8,788.1
NWDS- cash and bank balances (stock code: 0825)	**(2,923.5)**	(3,127.6)
Net debt (exclude listed subsidiaries)	**21,394.5**	16,602.5

The Group's debts were primarily denominated in Hong Kong dollar and Renminbi. The Group maintains an appropriate level of external borrowings in Renminbi for natural hedging of the Group's operation in Mainland China. 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 to convert the rate from floating to fixed rate basis to hedge part of the Group's underlying exposure. As at 30 June 2009, the Group had outstanding floating-to-fixed interest rate swap contracts in the aggregate amount of HK$2,000 million.

As at 30 June 2009, HK$33,358.4 million (2008: HK$26,971.3 million) of the Group's assets were pledged as securities for certain banking facilities of the Group.

As at 30 June 2009, the Group's cash and bank balances stood at HK$14,363.3 million and the consolidated net debt amounted to HK$34,187.5 million (2008: HK$13,803.9 million and HK26,929.7 million). The net debt to equity ratio was 35.1%, an increase of 6.7% as compared with FY 2008. The increase was mainly due to the increase in bank borrowings to finance the payment of land premium for two development projects namely Che Kung Temple Station Development in Sha Tin and Lung Tin Tsuen in Yuen Long and development costs for projects under development.

As at 30 June 2009, the Group's long-term bank loans and convertible bonds amounted to HK$41,370.1 million. Short-term bank and other loans as at 30 June 2009 were HK$7,180.7 million. The maturity of long-term bank loans and convertible bonds as at 30 June 2009 is as follows:

	HK$m
Within one year	**7,796.2**
In the second year	**6,385.5**
In the third to fifth year	**26,977.4**
After the fifth year	**211.0**
	41,370.1

Equity of the Group as at 30 June 2009 increased to HK$97,483.0 million against HK$94,904.7 million (as restated) as at 30 June 2008.

MAJOR ACQUISITION AND DISPOSAL

In March 2009, New World China Land Limited, a 70% owned subsidiary of the Group, and its subsidiaries (the "NWCL Group") acquired additional 25%, 50%, 60% and 5.9% equity interest in Ramada Property Ltd. ("Ramada"), Faith Yard Property Limited ("Faith Yard"), Fortune Star Worldwide Limited ("Fortune Star") and Shanghai New World Huai Hai Property Development Co., Ltd. ("Huai Hai") respectively from the respective former shareholders for an aggregate total consideration of approximately HK$1,039.5 million. Ramada is the holding company of Shanghai Ramada Plaza Ltd. which holds a portion of Shanghai Ramada Plaza (comprising two hotels) located at 1525 Dingxi Road, Changning District, Shanghai. The principal activity of Faith Yard is the holding of a portion of Shanghai Ramada Plaza and Shanghai Belvedere Service Apartments located at 1555 Dingxi Road, Changning District, Shanghai. Fortune Star is an investment holding company whose major assets are holding of interest in Zhaoqing New World Property Development Limited ("Zhaoqing Property") and Zhaoqing Fubang Property Management Limited. Zhaoqing Property is principally engaged in the development of Zhaoqing New World Garden, a residential development located besides the Banyue Lake, Zhaoqing, Guangdong Province. The principal asset of Huai Hai is its holding of Shanghai Hong Kong New World Tower located at Huaihaizhong Road, Luwan District, Shanghai.

In March 2009, the NWCL Group disposed of its entire interest in Shanghai New World Shangxian Lane Development Ltd. ("Shangxian Lane") and 20% interest in Shanghai Juyi Real Estate Development Co., Ltd. ("Juyi") to Golden Wealth Investment Limited for an aggregate total consideration of approximately HK$620.4 million. Shangxian Lane has obtained a development right in respect of a property project in Luwan District, Shanghai. The principal activity of Juyi is the development of Shanghai Hong Kong New World Garden located in Luwan District, Shanghai. The above transactions gave rise to a net disposal gain of approximately HK$370.1 million to the NWCL Group.

OUTLOOK

In September 2008, financial tsunami hammered the world with tightening liquidity and continuous bad news. Stimulus packages were soon announced by various central banks including China. The stabilization effect had been observed since the second quarter of 2009. The recent positive performance of the equity market further regained the public confidence on the economy.

The Group's recurrent operations will generate stable cashflow. Low interest environment and the tight supply pipeline will continue to favour the Hong Kong property market. We believe the Central Government will continue its stance in the economic boosting measures. Mainland property market should be on track along its broad base rebound since late March 2009.

Road transportation facilitated 60% of the economy in Mainland China. Owing to the flexibility of the business and the improving networks, road transportation will continue to contribute significantly to the domestic economy. Investment opportunities for investors will be positive in the years ahead.

The operating environment for power industry in Mainland China remains challenging. Coal prices in the first half of 2009 was relatively stable and is expected to stay at this similar level for the rest of 2009. Although two on-grid tariff hikes were announced by the Central Government in mid-2008, most major listed power producers suffered operating losses in 2008. The softening coal prices in 2009 will lessen their financial burden to a certain extent.

Although demand growth may slow down, the overall impact of the global financial tsunami on the water market to date has been relatively small. Environmental issue remains a top priority on the government's agenda. The Central Government has increased spending on various environmental initiatives, covering waste water treatment in particular.

The throughput of Mainland China ports in the first half of 2009 continued to shrink, reporting negative growth rate of 11.1% and is expected to remain sluggish throughout 2009.

The Facilities Management operation is expected to deliver solid profit contributions as a result of HKCEC's position as a market leader in the region. While the newly expanded space is in great demand among our existing clients, the revenue will be further improved following the opening of new food and beverage outlets.

Since it is expected to take longer for large-scale infrastructural developments undertaken by the government to reach the construction stage, and the slowdown of Macau gaming and tourism sectors has caused certain related development projects to be temporarily suspended, the overall operating environment of the Contracting business is likely to undergo market consolidation in the coming year. On the other hand, we are planning to gradually scale down our presence in China as prices are extremely competitive while various new legislations and policies further increase our costs.

For the Transport business, the overall business environment continues to be challenging. The volatile fuel prices, intense competition from railway and the construction of new rail lines on Hong Kong Island are some of the major issues which the management has to contend within the next few years. We will therefore continue to strive for better operational efficiency, bus utilization through route rationalization and exercising greater overall cost control.

Our department stores business will be benefited from strong and increasing domestic consumption. In order to further enhance its competitiveness, NWDS is rebranding its image with new operation concept of "Fashion Style" and "Living Style".

NWDS plans to open five stores in 2010 and 2011, increasing the store floor space to over 1.2 million sq m. The stores include Beijing Shishang Store (北京時尚店), Shanghai Chengshan Branch Store (上海成山店), Baoshan Branch Store (上海寶山店), Zhengzhou (鄭州) self-owned store and Shenyang Jianqiao Road (瀋陽津橋路) self-owned store.

EMPLOYEES

At 30 June 2009, over 55,000 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 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.

AUDIT COMMITTEE

The Audit Committee was established in accordance with requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee has reviewed the systems of internal control and the financial statements for the year ended 30 June 2009.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules for the year ended 30 June 2009 except for the following deviation.

As required under code provision A.5.4 of the CG Code, the Board should establish 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 for relevant employees in respect of their dealings in the securities of the Company. The Board has established guidelines for employees in respect of their dealings in the securities of the Company but they are not on no less exacting terms than the Model Code. The deviation is mainly due to the fact that the Company currently has over 55,000 employees and operates diversified businesses, it will cause immense administrative burden for processing written notifications from the relevant employees by the Company.

Dr. Cheng Kar-Shun, Henry
Managing Director

Hong Kong, 8 October 2009

As at the date of this announcement, (a) the Executive Directors of the Company are Dato' Dr. CHENG Yu-Tung, Dr. CHENG Kar-Shun, Henry, Dr. SIN Wai-Kin, David, Mr. LIANG Chong-Hou, David , Mr. LEUNG Chi-Kin, Stewart and Mr. CHENG Chi-Kong, Adrian ; (b) the Non-executive Directors of the Company are Mr. CHENG Kar-Shing, Peter, Mr. CHOW Kwai-Cheung, Mr. LIANG Cheung-Biu, Thomas and Ms. Ki Man-Fung, Leonie; and (c) the Independent Non-executive Directors of the Company are Mr. YEUNG Ping-Leung, Howard, Dr. CHA Mou-Sing, Payson (alternate director to Dr. CHA Mou-Sing, Payson: Mr. CHA Mou-Zing, Victor), Mr. HO Hau-Hay, Hamilton and Mr. LEE Luen-Wai, John.