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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 2010/2011

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 2011 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 30 June 2011

	<i>Note</i>	2011 HK\$m	2010 HK\$m Restated
Revenues	2	32,882.0	30,218.6
Cost of sales		(20,672.6)	(18,775.0)
Gross profit		12,209.4	11,443.6
Other income		82.8	211.3
Other gains, net		2,132.6	2,547.8
Selling and marketing expenses		(650.6)	(635.8)
Administrative and other operating expenses		(5,023.1)	(4,649.0)
Changes in fair value of investment properties		3,534.6	4,765.8
Operating profit	3	12,285.7	13,683.7
Financing income		423.5	474.5
Financing costs		(889.4)	(812.9)
		11,819.8	13,345.3
Share of results of			
Jointly controlled entities		2,654.0	3,232.6
Associated companies		1,104.0	994.1
Profit before taxation		15,577.8	17,572.0
Taxation	4	(2,833.8)	(1,904.3)
Profit for the year		12,744.0	15,667.7
Attributable to:			
Shareholders of the Company		9,153.9	12,398.6
Non-controlling interests		3,590.1	3,269.1
		12,744.0	15,667.7
Dividends		1,541.1	1,487.1
Earnings per share	5		
Basic		HK\$2.32	HK\$3.19
Diluted		HK\$2.26	HK\$3.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2011

	2011 HK\$m	2010 HK\$m Restated
Profit for the year	12,744.0	15,667.7
Other comprehensive income		
Fair value changes of available-for-sale financial assets	338.7	26.2
- deferred tax arising from fair value changes thereof	(59.2)	(20.1)
Revaluation of property upon reclassification from property, plant and equipment to investment properties	2,302.0	1,000.9
- deferred tax arising from revaluation thereof	(0.7)	-
Release of investment revaluation deficit to the income statement upon impairment of available-for-sale financial assets	149.1	55.7
Release of reserve upon disposal of the Disposal Group and other assets held for sale	(29.7)	(7.2)
Release of reserve upon disposal of available-for-sale financial assets	(582.2)	(217.7)
- reversal of deferred tax thereof	73.2	87.0
Release of exchange reserve upon disposal of subsidiaries	(10.6)	(6.7)
Share of other comprehensive income of jointly controlled entities and associated companies	2,803.7	(100.6)
Cash flow hedges	1.4	(5.8)
Translation differences	1,792.9	5.4
Other comprehensive income for the year	6,778.6	817.1
Total comprehensive income for the year	19,522.6	16,484.8
Attributable to:		
Shareholders of the Company	14,991.0	13,254.2
Non-controlling interests	4,531.6	3,230.6
	19,522.6	16,484.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	30 June 2011	30 June 2010	1 July 2009
<i>Note</i>	HK\$m	HK\$m	HK\$m
		Restated	Restated
ASSETS			
Non-current assets			
Investment properties	53,265.0	41,083.0	31,007.7
Property, plant and equipment	10,373.1	9,015.9	10,206.5
Land use rights	2,407.1	2,646.1	2,198.2
Intangible concession rights	763.5	774.0	834.1
Intangible assets	1,754.7	1,490.1	1,684.0
Interests in jointly controlled entities	40,352.2	30,723.1	31,950.9
Interests in associated companies	10,533.6	10,018.9	8,077.6
Available-for-sale financial assets	6,229.5	6,167.2	5,509.3
Held-to-maturity investments	281.5	281.9	34.6
Financial assets at fair value through profit or loss	1,006.3	270.8	378.1
Derivative financial instruments	119.8	172.1	152.1
Properties for development	17,293.0	15,668.2	11,152.7
Deferred tax assets	697.8	650.8	476.5
Other non-current assets	808.3	1,294.3	1,532.2
	145,885.4	120,256.4	105,194.5
Current assets			
Properties under development	27,714.3	25,409.0	16,264.1
Properties held for sale	10,654.1	11,058.9	14,565.5
Available-for-sale financial assets	-	-	105.9
Inventories	540.8	409.2	402.9
Debtors and prepayments	16,955.2	16,815.2	20,914.7
Financial assets at fair value through profit or loss	1.4	55.3	63.3
Cash held on behalf of customers	-	-	3,661.9
Restricted bank balances	121.2	91.0	257.2
Cash and bank balances	23,971.6	23,508.6	14,080.0
	79,958.6	77,347.2	70,315.5
Non-current assets classified as assets held for sale	3,271.4	2,376.5	1,291.0
	83,230.0	79,723.7	71,606.5
Total assets	229,115.4	199,980.1	176,801.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	<i>Note</i>	30 June 2011 HK\$m	30 June 2010 HK\$m Restated	1 July 2009 HK\$m Restated
EQUITY				
Share capital		3,990.1	3,918.0	3,867.3
Reserves		98,673.1	84,377.5	71,988.4
Proposed final dividend		1,117.2	1,097.0	812.1
Shareholders' funds		103,780.4	89,392.5	76,667.8
Non-controlling interests		30,588.2	25,493.8	23,204.3
Total equity		134,368.6	114,886.3	99,872.1
LIABILITIES				
Non-current liabilities				
Long-term borrowings		38,849.9	39,083.3	30,342.7
Deferred tax liabilities		4,624.8	4,493.0	2,988.8
Derivative financial instruments		756.8	308.0	-
Other non-current liabilities		650.7	402.6	375.0
		44,882.2	44,286.9	33,706.5
Current liabilities				
Creditors and accrued charges	8	23,756.0	23,960.9	21,420.6
Current portion of long-term borrowings		13,023.1	5,194.5	7,416.2
Short-term borrowings		8,735.7	8,041.5	12,796.1
Current tax payable		3,748.8	2,315.6	1,589.5
		49,263.6	39,512.5	43,222.4
Liabilities directly associated with assets held for sale	7	601.0	1,294.4	-
		49,864.6	40,806.9	43,222.4
Total liabilities		94,746.8	85,093.8	76,928.9
Total equity and liabilities		229,115.4	199,980.1	176,801.0
Net current assets		33,365.4	38,916.8	28,384.1
Total assets less current liabilities		179,250.8	159,173.2	133,578.6

Notes:

1. Basis of preparation

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

(a) Adoption of new or revised accounting standards

For the year ended 30 June 2010, the Group early adopted HKAS 32 Amendment “Classification of Rights Issues”. In the current year, the Group has adopted the following amendments to standards and interpretations which are mandatory for the financial year ended 30 June 2011:

HKFRSs Amendments	Improvements to HKFRSs 2009
HKFRS 1 Amendment	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 1 Amendment	Additional Exemptions for First-time Adopters
HKFRS 2 Amendment	Group Cash-settled Share-based Payment Transactions
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

In addition, the Group has early adopted HKAS 12 Amendment “Deferred Tax: Recovery of Underlying Assets” which is effective for the financial year beginning on 1 July 2012.

The adoption of HKAS 17 Amendment (as included in Improvements to HKFRSs 2009), HK – Int 5 and HKAS 12 Amendment has resulted in a change in accounting policies and has been applied retrospectively. The adoption of other amendments and interpretations does not have any significant effect on the results and financial position of the Group. The details of the changes are set out below.

HKAS 17 Amendment	Classification of Leases of Land and Buildings
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The improvements to HKFRSs 2009 include an amendment to HKAS 17 “Leases”, which deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under “Leasehold land and land use rights”, and amortised over the lease term.

The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 July 2010 on the basis of information existing at the inception of those leases, and recognised certain leasehold land in Hong Kong and Macau as finance lease. As a result of the reassessment, the Group has reclassified certain leasehold land from operating lease to finance lease. Such land interest of the Group that is held for own use is accounted for as “Property, plant and equipment” and is depreciated from the land interest available for its intended use over the shorter of the useful life of the asset and the lease term. The land interest of the Group that is held to earn rental income and/or for capital appreciation is accounted for as “Investment Properties” and is carried at fair value. The land interest of the Group that is held for sale is accounted for as “Properties for development”, “Properties under development” or “Properties held for sale” and is carried at the lower of cost and net realisable value.

HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
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HK – Int 5 is a clarification of an existing standard, HKAS 1 “Presentation of Financial Statements”. This interpretation requires that loans under loan agreements containing a clause which gives the lenders the unconditional right to demand repayment at any time should be classified as current liabilities, irrespective of the probability that the lenders will invoke the clause.

The Group has reassessed the classification of borrowings according to HK – Int 5 and certain bank borrowings have been reclassified as current liabilities.

1. Basis of preparation (Continued)

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

HKAS 12 Amendment Deferred Tax: Recovery of Underlying Assets

The amendment introduces a presumption that an investment property measured at fair value is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Prior to the amendment, deferred taxation on investment properties at fair value is measured to reflect the tax consequences of recovering the carrying amounts of investment properties through use.

The Group has reassessed the business models of the Group's investment properties located in Hong Kong and the People's Republic of China (the "PRC") individually. The carrying values of certain investment properties are expected to be recovered through use and the presumption of sale for these investment properties is rebutted. For the remaining investment properties, the Group applies the rebuttable presumption that the carrying amount of these investment properties will be recovered through sale.

The effect of the change in the accounting policy following the adoption of HKAS 12 Amendment on the consolidated income statement is as follows:

	For the year ended 30 June 2011	For the year ended 30 June 2010
	HKAS 12 Amendment HK\$m	HKAS 12 Amendment HK\$m
Increase/(decrease) in profit for the year		
Share of results of jointly controlled entities	32.4	(1.1)
Share of results of associated companies	53.2	61.3
Profit before taxation	85.6	60.2
Taxation	433.4	747.5
Profit for the year	519.0	807.7
Attributable to:		
Shareholders of the Company	471.8	786.0
Non-controlling interests	47.2	21.7
	519.0	807.7
Earnings per share (HK\$)		
Basic	0.12	0.20
Diluted	0.11	0.19

1. Basis of preparation and accounting policies (Continued)

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

The effects of the changes in the accounting policies following the adoption of the relevant amendments to standards and interpretations stated above on the consolidated statement of financial position are as follows:

	As at 30 June 2011				As at 30 June 2010				As at 1 July 2009			
	HKAS 17 Amendment	HK-Int 5	HKAS 12 Amendment	Total	HKAS 17 Amendment	HK-Int 5	HKAS 12 Amendment	Total	HKAS 17 Amendment	HK-Int 5	HKAS 12 Amendment	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Increase/(decrease) in:												
Property, plant and equipment	2,553.3	-	-	2,553.3	1,882.6	-	-	1,882.6	2,877.6	-	-	2,877.6
Land use rights	(2,553.3)	-	-	(2,553.3)	(1,882.6)	-	-	(1,882.6)	(2,877.6)	-	-	(2,877.6)
Interests in jointly controlled entities	-	-	63.7	63.7	-	-	31.3	31.3	-	-	32.4	32.4
Interests in associated companies	-	-	363.8	363.8	-	-	310.6	310.6	-	-	249.3	249.3
Deferred tax assets	-	-	(119.1)	(119.1)	-	-	28.3	28.3	-	-	-	-
Total assets	-	-	308.4	308.4	-	-	370.2	370.2	-	-	281.7	281.7
Reserves	-	-	3,513.3	3,513.3	-	-	3,041.5	3,041.5	-	-	2,255.5	2,255.5
Non-controlling interests	-	-	202.5	202.5	-	-	155.3	155.3	-	-	133.6	133.6
Total equity	-	-	3,715.8	3,715.8	-	-	3,196.8	3,196.8	-	-	2,389.1	2,389.1
Long-term borrowings	-	(5,425.0)	-	(5,425.0)	-	(5,630.9)	-	(5,630.9)	-	(3,421.4)	-	(3,421.4)
Deferred tax liabilities	-	-	(3,407.4)	(3,407.4)	-	-	(2,826.6)	(2,826.6)	-	-	(2,107.4)	(2,107.4)
	-	(5,425.0)	(3,407.4)	(8,832.4)	-	(5,630.9)	(2,826.6)	(8,457.5)	-	(3,421.4)	(2,107.4)	(5,528.8)
Current portion of long-term borrowings	-	(1,468.9)	-	(1,468.9)	-	(428.8)	-	(428.8)	-	(380.0)	-	(380.0)
Short-term borrowings	-	6,893.9	-	6,893.9	-	6,059.7	-	6,059.7	-	3,801.4	-	3,801.4
Total liabilities	-	-	(3,407.4)	(3,407.4)	-	-	(2,826.6)	(2,826.6)	-	-	(2,107.4)	(2,107.4)
Total equity and liabilities	-	-	308.4	308.4	-	-	370.2	370.2	-	-	281.7	281.7

1. Basis of preparation and accounting policies (Continued)

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

The following new or revised standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 July 2011 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2012

HKFRS 1 Amendment	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 Amendment	Disclosure – Transfers of Financial Assets
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 14 Amendment	Prepayments of a Minimum Funding Requirement
HKFRSs Amendments	Improvements to HKFRSs 2010

Effective for the year ending 30 June 2013 or after

HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 1 Amendment	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures

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

2. Revenues and segment information

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

	2011	2010
	HK\$m	HK\$m
Revenues		
Property sales	16,117.0	12,570.1
Rental	1,589.3	1,508.8
Contracting	2,410.0	3,293.5
Provision of services	5,970.6	6,732.1
Infrastructure operations	277.7	251.9
Hotel operations	2,767.5	2,480.9
Department store operations	2,815.9	2,484.7
Telecommunication services	712.6	713.4
Others	221.4	183.2
Total	32,882.0	30,218.6

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

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

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

2. Revenues and segment information (Continued)

	Property development HK\$m	Property investment HK\$m	Service HK\$m	Infra- structure HK\$m	Hotel operations HK\$m	Department stores HK\$m	Telecom- munications HK\$m	Others HK\$m	Con- solidated HK\$m
2011									
Total revenues	16,117.0	1,772.0	9,629.8	277.7	2,767.5	2,815.9	770.4	221.4	34,371.7
Inter - segment	-	(182.7)	(1,249.2)	-	-	-	(57.8)	-	(1,489.7)
Revenue - external	16,117.0	1,589.3	8,380.6	277.7	2,767.5	2,815.9	712.6	221.4	32,882.0
Segment results	4,366.6	1,057.5	898.0	6.8	448.6	582.4	(19.0)	(111.3)	7,229.6
Other gains, net	(191.2)	523.6	698.5	70.1	15.9	397.7	(129.3)	747.3	2,132.6
Changes in fair value of investment properties	-	3,033.9	479.9	-	-	20.8	-	-	3,534.6
Unallocated corporate expenses									(611.1)
Operating profit									12,285.7
Financing income									423.5
Financing costs									(889.4)
									11,819.8
Share of results of									
Jointly controlled entities	338.8	398.2	123.1	1,845.8	(10.8)	-	-	(41.1)	2,654.0
Associated companies	37.7	305.8	599.1	20.0	(4.7)	-	118.6	27.5	1,104.0
Profit before taxation									15,577.8
Taxation									(2,833.8)
Profit for the year									12,744.0
Segment assets	67,784.6	52,315.8	12,618.1	1,425.4	6,657.0	5,865.9	626.6	6,025.8	153,319.2
Interests in jointly controlled entities	6,587.4	9,329.2	3,633.9	17,170.7	1,284.4	-	-	2,346.6	40,352.2
Interests in associated companies	979.2	2,963.3	3,406.9	802.5	113.9	-	2,164.4	103.4	10,533.6
Unallocated assets									24,910.4
Total assets									229,115.4
Segment liabilities	13,961.3	1,380.1	3,991.7	278.1	576.4	3,569.6	261.0	989.5	25,007.7
Unallocated liabilities									69,739.1
Total liabilities									94,746.8
Additions to non-current assets (Note a)	4,395.8	4,316.4	1,181.5	-	523.1	884.5	188.6	5.9	11,495.8
Depreciation and amortisation	43.2	22.5	116.7	63.6	354.5	344.2	54.8	18.8	1,018.3
Impairment charge and provision	305.0	-	63.1	-	-	-	128.7	134.0	630.8

2. Revenues and segment information (Continued)

	Property development HK\$m	Property investment HK\$m	Service HK\$m	Infra- structure HK\$m	Hotel operations HK\$m	Department stores HK\$m	Telecom- munications HK\$m	Others HK\$m	Con- solidated HK\$m
2010									
Restated									
Total revenues	12,570.1	1,694.5	12,083.3	251.9	2,480.9	2,484.7	773.9	183.2	32,522.5
Inter - segment	-	(185.7)	(2,057.7)	-	-	-	(60.5)	-	(2,303.9)
Revenue - external	12,570.1	1,508.8	10,025.6	251.9	2,480.9	2,484.7	713.4	183.2	30,218.6
Segment results	3,948.3	975.7	1,247.6	(8.7)	197.1	515.3	(0.3)	113.5	6,988.5
Other gains, net	2,395.5	(113.1)	904.0	-	(192.3)	166.1	(0.7)	(611.7)	2,547.8
Changes in fair value of investment properties	-	4,765.8	-	-	-	-	-	-	4,765.8
Unallocated corporate expenses									(618.4)
Operating profit									13,683.7
Financing income									474.5
Financing costs									(812.9)
									13,345.3
Share of results of									
Jointly controlled entities	880.0	384.6	287.1	1,554.6	(46.4)	-	-	172.7	3,232.6
Associated companies	8.8	318.8	457.1	27.5	7.8	(0.2)	157.3	17.0	994.1
Profit before taxation									17,572.0
Taxation									(1,904.3)
Profit for the year									15,667.7
Segment assets	64,699.8	40,222.6	9,620.8	880.9	5,785.9	5,396.1	1,244.2	6,965.3	134,815.6
Interests in jointly controlled entities	4,920.6	8,167.3	2,180.7	13,651.5	1,398.4	-	-	404.6	30,723.1
Interests in associated companies	1,026.3	2,540.1	3,820.6	309.3	120.4	-	2,146.8	55.4	10,018.9
Unallocated assets									24,422.5
Total assets									199,980.1
Segment liabilities	14,521.2	945.9	5,398.1	151.4	1,236.8	2,290.7	166.4	947.4	25,657.9
Unallocated liabilities									59,435.9
Total liabilities									85,093.8
Additions to non-current assets (Note a)	2,173.3	2,057.5	350.0	-	192.7	1,575.4	140.2	10.5	6,499.6
Depreciation and amortisation	38.0	29.8	153.6	60.2	391.8	248.1	51.3	20.9	993.7
Impairment charge and provision	52.1	112.4	30.5	-	181.3	-	0.7	448.7	825.7

Note a: Additions to non-current assets represent additions to non-current assets other than financial instruments (including interests in jointly controlled entities and interests in associated companies), deferred tax assets and retirement benefit assets.

2. Revenues and segment information (Continued)

	Revenues HK\$m	Non-current assets (Note b) HK\$m
2011		
Hong Kong	15,212.6	50,273.6
Mainland China	17,213.0	34,886.4
Macau and others	456.4	696.4
	32,882.0	85,856.4
2010		
Hong Kong	18,578.1	40,583.1
Mainland China	10,463.9	29,397.3
Macau and others	1,176.6	696.9
	30,218.6	70,677.3

The Group's revenues and non-current assets attributable to Southeast Asia and North America accounted for an insignificant portion of the Group's total revenues and non-current assets respectively, and have been included under Macau and others.

Note b: Non-current assets represent non-current assets other than financial instruments (including interests in jointly controlled entities and interests in associated companies), deferred tax assets and retirement benefit assets.

3. Operating profit

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

	2011 HK\$m	2010 HK\$m
Other investment income	82.8	211.3
Gain on remeasuring previously held interests of jointly controlled entities and associated companies at fair value upon further acquisition to become subsidiaries	-	1,333.8
Excess of fair value of net assets acquired over the cost of acquisition of interests in subsidiaries	86.1	732.1
Net loss on fair value of financial assets at fair value through profit or loss	(482.2)	(510.7)
Write back of provision for investments, loans and other receivables	275.2	31.4
Net profit on disposal of		
Available-for-sale financial assets	666.7	352.6
The Disposal Group and other assets held for sale (note 7a)	499.6	242.5
Subsidiaries	22.0	996.9
Gain on remeasuring previously held net assets of a jointly controlled operation at fair value upon acquiring control	437.2	-
Gain on remeasuring non-controlling interest retained at fair value after disposal of partial interest in a subsidiary	-	105.8
Cost of inventories sold	(13,463.5)	(10,265.3)
Depreciation and amortisation	(1,018.3)	(993.7)
Impairment loss on		
Available-for-sale financial assets	(149.1)	(55.7)
Intangible assets	-	(59.4)
Loans and other receivables	(43.7)	(394.1)
Properties held for sale and property, plant and equipment	(438.0)	(316.5)
Net exchange gain	901.5	15.7

4. Taxation

	2011 HK\$m	2010 HK\$m Restated
Current taxation		
Hong Kong profits tax	526.5	933.3
Mainland China and overseas taxation	1,198.1	572.5
Mainland China land appreciation tax	1,257.0	315.1
Deferred taxation		
Valuation of investment properties	264.6	68.2
Other temporary differences	(412.4)	15.2
	2,833.8	1,904.3

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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% (2010: 9% to 25%).

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2010: 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 jointly controlled entities and associated companies is stated after deducting share of taxation of jointly controlled entities and associated companies of HK\$668.3 million and HK\$173.2 million (2010 Restated: HK\$813.1 million and HK\$56.3 million) respectively.

5. Earnings per share

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

	2011 HK\$m	2010 HK\$m Restated
Profit attributable to shareholders of the Company	9,153.9	12,398.6
Effect of dilutive potential ordinary shares in respect of convertible bonds issued by a subsidiary:		
Interest expense	310.3	292.5
Adjustment on the effect of dilution in the results of subsidiaries	(23.0)	(92.2)
Profit for calculating diluted earnings per share	9,441.2	12,598.9
		Number of shares (million)
	2011	2010
Weighted average number of shares for calculating basic earnings per share	3,945.9	3,883.4
Effect of dilutive potential ordinary shares upon the conversion of convertible bonds	224.0	224.0
Weighted average number of shares for calculating diluted earnings per share	4,169.9	4,107.4

The earnings per share for the year ended 30 June 2010 have been restated to reflect the effect of early adoption of HKAS 12 Amendment during the year.

Diluted earnings per share for the years ended 30 June 2011 and 2010 did not assume the exercise of share options outstanding during the year since their exercise would have an anti-dilutive effect.

6. Trade debtors

Aging analysis of trade debtors is as follows:

	2011 HK\$m	2010 HK\$m
Current to 30 days	1,914.1	992.9
31 to 60 days	78.0	142.8
Over 60 days	591.2	460.1
	2,583.3	1,595.8

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. Assets held for sale/liabilities directly associated with assets held for sale

- a. On 11 June 2010, the Company and the Company's subsidiary, NWS Holdings Limited ("NWSH") jointly announced that agreements were entered into in respect of the disposal of certain of the NWSH Group's non-core businesses under a management buyout arrangement, including (a) laundry and landscaping; (b) security and guarding; (c) trading of building materials; (d) senior residents' homes; (e) insurance brokerage; (f) property management in Hong Kong; (g) cleaning; and (h) electrical and mechanical engineering (collectively, the "Disposal Group") subject to certain conditions precedent. Total consideration for the disposal was HK\$888.5 million. The disposal was completed during the year ended 30 June 2011, resulting in a net gain of approximately HK\$343.9 million (included under net profit on disposal of the Disposal Group and other assets held for sale in note 3). Assets and liabilities of the Disposal Group as at 30 June 2010 were reclassified as held for sale.
- b. In August 2010, NWSH acquired an effective interest of approximately 43.34% in Newton Resources Ltd ("Newton Resources") which owns and operates a major privately-owned iron ore mine in Hebei Province in the PRC and was classified as an associated company of the Group. On 28 January 2011, NWSH acquired an additional effective interest of approximately 11.68% in Newton Resources, increasing its interest to approximately 55.02% and accordingly, Newton Resources became a subsidiary of the Group. On 18 February 2011, NWSH further acquired an effective interest of approximately 4.98% of Newton Resources and NWSH's effective interest in Newton Resources increased to approximately 60.00%. The further acquisitions during the year are regarded as acquisition of assets, which mainly represent the mining right, instead of a business.

On 26 May 2011, The Stock Exchange of Hong Kong Limited (the "Stock Exchange") approved the separate listing of Newton Resources on the Main Board and the shares of Newton Resources were subsequently listed on 4 July 2011, resulting in a dilution of NWSH's interest in Newton Resources from approximately 60.00% to approximately 48.00%. As a result, the Group classified the assets and liabilities of Newton Resources as held for sale as at 30 June 2011 (note 10b).

8. Trade creditors

Aging analysis of trade creditors is as follows:

	2011 HK\$m	2010 HK\$m
Current to 30 days	6,808.6	5,325.6
31 to 60 days	644.0	549.9
Over 60 days	1,089.1	1,261.8
	8,541.7	7,137.3

9. Contingent liabilities

The Group's contingent liabilities as at 30 June 2011 amounted to HK\$11,602.6 million (2010: HK\$10,966.5 million).

10. Subsequent events

- a. On 13 June 2011, Moscan Developments Limited (“Moscan”, an indirectly wholly-owned subsidiary of NWSH) entered into a sale and purchase agreement with Widefaith Group Limited (“Widefaith”) to acquire for approximately 22.68% equity interest in Chinese Future Corporation (“CFC”) at a consideration of US\$226.9 million (equivalent to approximately HK\$1,769.5 million). CFC indirectly owns 95% interest in a PRC company (the “Project Company”) which operates Hangzhou Ring Road in Zhejiang Province in the PRC. As at 30 June 2011, NWSH paid a deposit of approximately HK\$1,588.9 million pursuant to this sale and purchase agreement. This acquisition was completed on 5 July 2011 and thereafter NWSH held approximately 21.55% effective interest in the Project Company.

On 27 July 2011, Moscan entered into a sale and purchase agreement with, among others, Kaiming Holdings Limited (“Kaiming”, which then held 100% equity interest in Widefaith) to acquire for 25.00% equity interest in Widefaith at a consideration of US\$145.2 million (equivalent to approximately HK\$1,132.6 million). Upon completion of this acquisition on 29 July 2011, NWSH’s effective interest in the Project Company increased from approximately 21.55% to approximately 33.66%. Moscan has also granted a put option to Kaiming to sell and Kaiming has granted a call option to Moscan to further acquire for 65.00% equity interest in Widefaith, representing an effective interest of approximately 31.50% in the Project Company, for a maximum consideration of US\$389.0 million (equivalent to approximately HK\$3,034.2 million). The put/call option is exercisable within a period of three months after The Children’s Investment Master Fund (“TCI”, a shareholder which then held approximately 26.32% equity interest in CFC) ceases to be a shareholder of CFC, as referred to in the following paragraph.

On 9 September 2011, Moscan entered into another sale and purchase agreement with, among others, TCI to acquire for approximately 26.32% equity interest in CFC at the purchase price of US\$280.0 million (equivalent to approximately HK\$2,184.0 million) together with interest at a rate of 8% per annum on the purchase price for the period from 1 July 2011 to 31 August 2011. Upon the completion of the acquisition on 16 September 2011, Moscan directly owns 25.00% interest in Widefaith and 49.00% interest in CFC, which together represent approximately 58.66% effective interest in the Project Company, and CFC became a subsidiary of the Group.

- b. As at 30 June 2011, NWSH had an effective interest of approximately 60.00% in Newton Resources. On 4 July 2011, the spin-off of Newton Resources had completed and dealings of Newton Resources’ shares on the Main Board of the Stock Exchange commenced on the same day. As a result, NWSH’s effective interest in Newton Resources decreased to approximately 48.00% and Newton Resources ceased to be a subsidiary of NWSH immediately upon listing. NWSH will recognise a dilution gain of approximately HK\$1.7 billion in the financial year ending 30 June 2012.
- c. On 24 August 2011, Grace Crystal Limited, an indirect wholly-owned subsidiary of NWSH, entered into an agreement with the joint venture partner of Tianjin Xinzhan Expressway Company Limited, a company in which NWSH holds 60% equity interest and is mainly engaged in the construction and management of Tangjin Expressway (Tianjin North Section). Pursuant to the said agreement, NWSH is committed to contribute RMB731.5 million (equivalent to approximately HK\$881.3 million) in cash to finance part of the construction costs for the expansion of the aforementioned expressway from four to six driving lanes.
- d. On 29 July 2011, New World Hotel Management (BVI) Limited, an indirect wholly-owned subsidiary of New World China Land Limited (“NWCL”), acquired 100% interest in Rosewood Hotels and Resorts, L.L.C. (“Rosewood”) and the intellectual property rights of the “Carlyle”, a hotel brand, for a consideration of approximately US\$235.0 million (equivalent to approximately HK\$1,833.2 million) and US\$28.0 million (equivalent to approximately HK\$218.4 million) respectively. Rosewood became a wholly owned subsidiary of NWCL since then.
- e. On 21 September 2011, Skybird International Limited, a wholly-owned subsidiary of New World Department Store China Limited, entered into a sale and purchase agreement with independent third parties to acquire 100% of the equity interest in Moral High Limited (“Moral High”) for an aggregate consideration of RMB1,460.0 million (equivalent to approximately HK\$1,782.0 million), which is subject to the deductions and adjustments based on the terms and conditions of the agreement. The principal activity of Moral High is the investment holding of 100% equity interest in Peak Moral High Commercial Development (Shanghai) Company Limited (“Peak”), a limited liability company established in the PRC. Peak is the property owner and operator of a shopping mall in Shanghai.

11. Comparative figures

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

DIVIDENDS

The Board has resolved to recommend to the shareholders of the Company at the annual general meeting of the Company to be held on Tuesday, 22 November 2011 (“2011 AGM”) a final dividend of HK\$0.28 per share (2010: HK\$0.28 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\$0.27 per share with a cash option to shareholders registered on 25 November 2011. Together with the interim dividend of HK\$0.10 per share paid in May 2011, total distribution for 2011 would thus be HK\$0.38 per share (2010: HK\$0.38 per share).

Subject to the Listing Committee of 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\$0.27 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 29 November 2011.

BOOK CLOSE DATES FOR 2011 AGM

Book close dates (both days inclusive) : 15 November 2011 to 22 November 2011

Latest time to lodge transfers with Share Registrar : 4:30 p.m. on Monday, 14 November 2011

Address of Share Registrar : Tricor Tengis Limited, 26/F., Tesbury Centre,
28 Queen’s Road East, Hong Kong

RECORD DATE FOR PROPOSED FINAL DIVIDEND

Record date and latest time to lodge transfers with Share Registrar : 4:30 p.m. on Friday, 25 November 2011

Address of Share Registrar : 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

In FY2011, NWD recorded a consolidated turnover of HK\$32,882.0 million and profit attributable to shareholders of the Company amounted to HK\$9,153.9 million. If stripping out the net other gains and changes in fair value of investment properties, the Group's underlying profits amounted to HK\$4,667.1 million.

Hong Kong Property Development

Low interest rate, high liquidity and tight market supply have led to a robust growth in residential property transaction volume and price since the beginning of 2010. Nevertheless, as the risks of asset price fluctuation and inflation is heightening against the backdrop of strong global liquidity plus the stimulus effect from QEII of US in early November 2010, a series of tightening measures, including special stamp duty and lowered loan-to-value ratio, were introduced by the Hong Kong SAR Government and the Hong Kong Monetary Authority on 19 November 2010, to ease property speculation and minimise the default risk in property mortgage.

Consolidation of the residential property market was experienced after the measures. According to the figures released by The Land Registry, the number of transactions of first-hand and second-hand residential units in the first half of 2011 amounted to 55,207 units. Notwithstanding the slowdown in performance of residential property sales, the overall performance of land market was in line with market expectation. During the first half of 2011, the government launched and successfully sold a total of nine parcels of land with total site area of approximately 790,000 sq ft for residential development, the total consideration amounted to HK\$22.8 billion. Over 1,700 residential units from the development projects of those sites will be available to the market in three years time as expected.

During the year under review, the Group's effective share of Hong Kong property sales proceeds amounted to approximately HK\$3.5 billion. The contributions were mainly from the sales of Emerald Green in Yuen Long and Belcher's Hill in Western District. The Group expects to launch six new projects with 4,942 residential units to the market. The majority are located at the densely populated area. In addition, the remaining 103 residential units of The Masterpiece, the Group's luxury trophy project in Tsim Sha Tsui, were re-launched in August 2011 and received overwhelming response.

New projects in pipeline	No. of units
The Signature, Chun Fai Terrace, Tai Hang (大坑春暉臺春暉八號)	66
Che Kung Temple Station Project, Sha Tin (沙田車公廟站項目)	981
Phase 1 of Lok Wo Sha Project, Ma On Shan (馬鞍山落禾沙項目第一期)	928
Chatham Gate, Chatham Road, Hung Hom (紅磡漆咸道昇御門)	334
Tai Tong Road Project, Yuen Long (元朗大棠路項目)	2,582
Phase 1B of Tong Yan San Tsuen, Yuen Long (元朗唐人新村第一期B)	51
Total	4,942

The Group has been pursuing to replenish its landbank in Hong Kong. Various means, including public auction, private acquisition and tendering for development projects offered by Urban Renewal Authority, the MTRC and the government, and agricultural land conversion are being considered, so as to provide a steady pipeline of development sites in coming years.

For private acquisition, the Group has paid approximately HK\$1,865 million to acquire a 40% stake in Kai Yuen Lane residential project in October 2010. The project is situated in the prime location in North Point, commanding spectacular views of Victoria Harbour and the verdant landscape of Braemar Hill. It covers a total site area of 72,000 sq ft with total gross floor area ("GFA") of approximately 573,000 sq ft.

For agricultural land conversion, the Group has paid approximately HK\$237.9 million to the government in November 2010 as the Group's share of land premium for Hung Shui Kiu Project in Yuen Long. It covers a total site area of 64,000 sq ft with total GFA of approximately 80,000 sq ft.

Moreover, the Group has entered into an agricultural land conversion agreement with the government for the residential land of Tai Po Tsai Project in Sai Kung in July 2011. The project is situated in the luxurious location at Clear Water Bay Road, commanding the spectacular view of Ngau Mei Hoi in Sai Kung. The total land premium was HK\$6,640.3 million. It covers a total site area of 719,000 sq ft with total GFA of approximately 1,080,000 sq ft.

The Group currently has a landbank of over 9.6 million sq ft total attributable GFA for immediate development. Over 50% of the ready landbank is in the urban area. Meanwhile, the Group has a total of over 19.8 million sq ft of agricultural land reserve pending conversion.

Landbank by location	Attributable GFA (sq ft)
Hong Kong Island	581,840
Kowloon	4,494,857
New Territories (excluding areas pending agricultural land conversion)	4,606,299
Total	9,682,996

Agricultural landbank by location	Total land area (sq ft)	Attributable land area (sq ft)
Yuen Long	14,094,500	12,695,000
Sha Tin / Tai Po	2,122,000	2,122,000
Fanling	2,260,000	2,260,000
Sai Kung	1,265,000	1,028,000
Tuen Mun	120,000	120,000
Total	19,861,500	18,225,000

Hong Kong Property Investment

The improving market sentiment has boosted the leasing performance of grade A offices in prime commercial districts since the second quarter of 2010. Increasing corporate expansion and new establishment have resulted in a substantial growth in office demand and positive office space take up, which have driven down the overall vacancy. With tight supply situation in the future, grade A offices in prime commercial districts continued to witness strong demand and rental rate growth during the first half of 2011.

Rental growth and the demand for retail premises in tourist-related shopping hot spots were driven by the strong consumption power of Mainland China visitors. The remarkable growth in tourist arrivals and strengthened local consumption confidence has boosted the Hong Kong retail market. According to the figures released by The Census and Statistics Department, the value of total retail sales in the first half of 2011 increased by 24% year-on-year to HK\$194.5 billion.

During the year under review, the Group's gross rental income in Hong Kong amounted to HK\$1,135.5 million, a decrease of 5% compared to the same period of last year. The decrease was mainly due to the closure of New World Centre in Tsim Sha Tsui for redevelopment in 2010. If taking out the rental contribution from New World Centre, the Group's gross rental income in Hong Kong recorded 16% year-on-year growth. All other major projects in the Group's investment portfolio attained satisfactory occupancy. In particular, the office towers of New World Tower and Manning House, located in the core commercial hub of Central, were almost fully leased out at satisfactory rental rates.

New World Centre, the Group's landmark building standing on the tip of Tsim Sha Tsui at the waterfront, was closed for redevelopment after 32 years of operation in 2010. Demolition work has been started and the project will be redeveloped in phases.

To strengthen the Hong Kong investment property portfolio, the Group successfully acquired the remaining 50% interest in the 470,000 sq ft GFA Discovery Park Shopping Mall and its 1,000 car parking spaces during the year under review.

Hotel Operations

Following a strong rebound in 2010, visitor arrivals witnessed a remarkable growth. According to the figures released by The Hong Kong Tourism Board, total visitor arrivals to Hong Kong have increased by 15% year-on-year to the all time high 19.3 million in the first half of 2011. Increases in business and vacation travellers to Hong Kong have continuously stimulated the demand in local hospitality services.

The Group's hotel average occupancies grew continuously and average room rates improved significantly since the end of the second quarter of 2010. During the year under review, average occupancy and average room rate of Grand Hyatt Hong Kong grew significantly. In addition, the two new hotels launched in 2009, namely Hyatt Regency Hong Kong, Tsim Sha Tsui and Hyatt Regency Hong Kong, Sha Tin, achieved satisfactory performances with over 81% in average occupancy and the average room rate increased over 21% year-on-year. These two projects have made increasing contributions to the hotel operations segment.

As part of its commitment to provide excellent products and services to the guests, Renaissance Harbour View Hotel in Hong Kong is under renovation in phases.

In January 2011, New World Hospitality assumed management of the pentahotel Beijing (previously known as Courtyard by Marriott Beijing). Furthermore, the disposal of New World Hotel, Xian was completed during the year under review.

The Group has a total of 18 hotels located in Hong Kong, Mainland China and Southeast Asia, providing 8,375 guest suites. Amongst which, 10 hotels are managed by New World Hospitality.

New World China Land Limited ("NWCL")

In FY2011, NWCL recorded a profit of HK\$3,025.8 million, representing a year-on-year increase of 15%. The improvement in operating results from sale of property and hotel operation, as well as the appreciation of Renminbi during the year under review, were the key factors contributing to the significant growth.

During the year under review, NWCL recorded satisfactory performance in property sales. Recorded sales volume reached 1,307,329 sq m, a 26% year-on-year increase with gross sale proceeds up 63% to approximately RMB13.0 billion. The contributions to property sales were mainly from Shenyang New World Garden, Shanghai Zhongshan Square, Wuhan Changqing Garden, Guangzhou New World Oriental Garden and Guangzhou Covent Garden. Moreover, the continuing improvement in overall gross profit margin has been also achieved in FY2011, which increased by 6.9 percentage points year-on-year to 33.3% as compared with 26.4% in FY2010.

NWCL rental operation recorded a drop of 10% in contribution to HK\$442.1 million during the year under review, which was mainly due to the renewal of tenancy at Beijing New World Centre shopping mall and decrease in rentable area of service apartment and office space at Beijing New World Centre upon sales. Meanwhile, the large-scale renovation of the shopping arcade of Shanghai Hong Kong New World Tower during the year under review and the yet to mature operating results of newly opened Wuhan K11 Gourmet Tower and Beijing Baoding Centre shopping mall also adversely affected the performance in rental operations in Mainland China.

In FY2011, NWCL has completed 10 property development projects in Shenyang, Anshan, Shanghai, Wuhan, Chengdu, Guangzhou and Guiyang with a total GFA of 1,364,214 sq m, representing a year-on-year increase of 86%.

As at 30 June 2011, NWCL has a total GFA of 26.5 million sq m of properties under development or held for development spread across more than 20 major cities or transportation hubs in Mainland China.

During the year under review, the continual improvement in operating results of hotel operations in Mainland China was primarily due to the continual growth in operating performance and total operating profit of hotels.

NWS Holdings Limited (“NWSH”)

NWSH achieved a profit attributable to shareholders of HK\$4,626.8 million for FY2011, representing an increase of 15% as compared to FY2010. A gain on fair value of HK\$479.9 million from revaluation of investment properties was recognised during FY2011 as a result of the robust property market. Moreover, the disposal of several service businesses recognised a gain of HK\$343.9 million during FY2011.

Infrastructure

Performance of expressways within the Pearl River Delta Region continued to perform satisfactorily during the year under review. After the partial closure due to its major repair and maintenance works carried out in FY2010, operation of Guangzhou City Northern Ring Road has returned to normal and reported a traffic growth of 28% in FY2011. Average daily traffic flow of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and Shenzhen-Huizhou Expressway grew by 9% and 31% respectively. Guangzhou-Zhaoqing Expressway also reported a strong traffic growth of 29% during FY2011 and the opening of phase two in September 2010 had greatly enhanced the project's competitiveness in the region.

Electricity sales of Zhujiang Power Plants dropped slightly by 2% in FY2011, mainly due to lower electricity demand during the Asian Games period. Chengdu Jintang Power Plant, on the other hand, registered an increment of 8% in electricity sales. In Macau, electricity sales of Macau Power reported a stable growth of 3% during FY2011. In November 2010, the concession rights of Macau Power were renewed successfully for 15 years with permitted return reduced from 12% to 9.5% per annum.

Contribution from water projects in Mainland China continued to serve as the growth engine for the infrastructure segment. Sales volume of Zhongshan Dafeng and Quanlu Water Plants, Changshu Water Plant and Chongqing Water Plant increased by 8%, 6% and 14% respectively. Water sales revenue also benefited from the tariff hikes of several water plants since 2010. Water sales volume in Macau Water Plant maintained at a similar level when compared to FY2010. Benefiting from the development of Chongqing and tax exemption on waste water treatment revenue, the contribution from Chongqing Water Group grew satisfactorily during FY2011.

The throughput of Xiamen New World Xiangyu Terminals Co., Ltd. rose by 3% to 774,000 TEUs. In Hong Kong, ATL Logistics Centre continued to make stable contribution to the Group. Average occupancy rate maintained high at 96% in FY2011.

In addition to the four existing terminals in Kunming, Chongqing, Chengdu and Zhengzhou, China United International Rail Containers Co., Ltd. (“CUIRC”) commenced operations of another four new terminals in Dalian, Qingdao, Wuhan and Xian during FY2011. These eight terminals of the phase one development formed a network covering both coastal ports and inland regions in Central China. As a result, the total throughput handled by CUIRC increased substantially from 366,000 TEUs in FY2010 to 1,255,000 TEUs in FY2011. Tianjin and Harbin terminals, which form part of the phase two development, are under construction preparation.

Service

NWSH continued to benefit from the growth of exhibition industry in FY2011. During the year, 1,235 events were held at Hong Kong Convention and Exhibition Centre with total patronage of approximately 6.0 million. Most recurrent international trade exhibitions experienced growth in both gross exhibition space and overall attendance from previous year.

Benefiting from strong patronage of affluent travellers especially Mainland Chinese visitors, Free Duty's tobacco and liquor retail business at various cross-border transportation terminals in Hong Kong continued to achieve outstanding results during FY2011.

The contribution from construction business recorded a 37% decrease year-on-year, due to the provision for job costs of projects in Hong Kong and overseas. As at 30 June 2011, the gross value of contracts on hand for the construction business was approximately HK\$20.1 billion.

Tricor recorded a steady growth in its corporate services and investor services businesses during FY2011. It captured about 41% of the total new listings in Hong Kong during the year. Meanwhile, after the disposal of the NWSH's controlling interest in Haitong International Securities (previously known as Taifook Securities) in December 2009, its profit saw a significant drop in FY2011.

As at 30 June 2011, NWSH had an effective interest of approximately 60% in Newton Resources Limited (“Newton Resources”), which owns and operates a major privately-owned iron ore mine in Hebei Province in the PRC. The spin-off of Newton Resources had completed and dealings of its shares on the Main Board of the Stock Exchange commenced on 4 July 2011. As a result, NWSH’s effective interest in Newton Resources decreased to approximately 48% and Newton Resources ceased to be a subsidiary of NWSH immediately upon listing. The investment in Newton Resources was classified as assets held for sale and liabilities directly associated with assets held for sale under NWSH as at 30 June 2011.

During the year, NWSH also acquired an approximately 38% effective interest of Hyva Holding BV, a company headquartered in the Netherlands and engaged in the manufacturing and supply of hydraulic components for commercial vehicle.

New World Department Store China Limited (“NWDS”)

In FY2011, NWDS recorded a total revenue of HK\$2,749.5 million, an increase of 47% compared to last year. Profit attributable to shareholders was HK\$855.6 million, representing a year-on-year increase of 48%.

Commission income from concessionaire sales was the primary source of income, accounting for 70.0% of total revenue. Direct sales and rental income accounted for 19.9% and 8.0%, respectively. Management fees accounted for the remaining 2.1%.

The Northern China Region contributed the most to the NWDS’s revenue during the year under review, accounted for 32.9% of total revenue, followed by the Central China Region and Eastern China Region, which accounted for 25.2% and 25.0% of total revenue respectively.

During the year under review, NWDS has opened three new stores in Beijing, Zhengzhou and Shenyang with total GFA of approximately 109,500 sq m. To tie in with future business development, NWDS acquired five managed stores into self-owned stores to consolidate its business growth in the year reported, including Beijing Store, Chongqing Store, Chengdu Store, Changsha Trendy Plaza and Beijing Trendy Store. In addition, Wuxi Store has ceased to be the NWDS's self-owned store since May 2011.

During FY2011, NWDS has acquired the building ownership right and land use right of the property of Shenyang New World Commercial Centre. This site is immediately next to existing Shenyang Nanjing Street Branch Store of NWDS, and thus allows the possibility and flexibility for future store expansion. Meanwhile, NWDS has entered into an agreement acquiring the property and operating right of “Channel 1 調頻壹” in Shanghai in September 2011. The acquisition will further consolidate NWDS presence in Shanghai market.

As at 30 June 2011, the business network of NWDS comprised a total of 32 self-owned stores and five managed stores, with a total floor area of approximately 1,275,320 sq m. The stores covered 17 major cities in Mainland China.

Telecommunications

During the year under review, New World Telecommunications Limited ("NWT") has modernised its network to create new revenue streams and drive business growth for the coming years. The implementation of the new platforms including IP Gateway, Metro Ethernet, Broadband, DWDM Transmission and customer migration from legacy equipments are taking place. NW iMedia has extended the service to mobile advertising area. SMS broadcast platform facilitating customers to send bulk promotion SMS has been launched. It has also leveraged the modernised IT infrastructure with new systems to provide new applications such as Facebook Fan Page and HKDirectory.

In FY2011, NWT had signed International Telecom Service Agreements with additional 85 preferred partners, making a total number of global partners to over 430. These new partners provide opportunities for NWT to extend its wholesale business reach to new destinations. Meanwhile, in response to the growth of market demand, NWT has expanded its Internet Data Centre with an additional floor area of over 15,000 sq ft and has revamped part of the existing areas to provide additional racks during the year under review.

During the year under review, revenue performance of CSL New World Mobility grew by 19% compared to the prior year. This was driven by both strong service revenue and device revenue growth. The growth of 13% or 352,000 in customer numbers, and the introduction of new device bundles and service only rate plans were key contributing factors to the growth in services revenue. These new rate plans also enabled higher upfront device revenue recognition which, along with a significant increase in smartphone sales, helped to increase device revenue compared to the prior year.

Operating expenses, excluding depreciation and amortisation, grew by 30% in FY2011. This resulted from higher handset related costs associated with increased smartphones sales, along with a one-off exceptional gain which had reduced expenses in the prior comparative period.

EMPLOYEES

At 30 June 2011, about 45,000 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 in line with market practices. Education subsidies are 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.

MAJOR ACQUISITIONS AND DISPOSALS

- a. On 11 June 2010, NWSH entered into agreements in respect of the disposal of certain non-core businesses under a management buyout arrangement, including (a) laundry and landscaping; (b) security and guarding; (c) trading of building materials; (d) senior residents' home; (e) insurance brokerage; (f) property management in Hong Kong; (g) cleaning; and (h) electrical and mechanical engineering subject to certain conditions precedent. Total consideration for the disposal was HK\$888.5 million. The disposal was completed on 30 June 2011.
- b. On 7 October 2010, the Group entered into an agreement with Meritown Properties Limited a connected person of the Company, to acquire 40% interest in Hing Ying Services Limited ("Hing Ying") at a consideration of approximately HK\$1,865.0 million. Hing Ying is the owner of Nos.1-21 Lower Kai Yuen Lane, Blocks A, B and C Upper Kai Yuen Lane and No.5 Kai Yuen Street.
- c. In December 2010, the Group entered into an agreement with HK Resort International Limited to acquire its 50% interest in the Commercial Podium of Discovery Park, Tsuen Wan, at a consideration of approximately HK\$1,411.0 million. After the acquisition, together with the Group's previously held 50% interest in the property, the Group owned 100% interest in the property.
- d. On 28 December 2010, New World Department Store China Limited ("NWDS") entered into a sale and purchase agreement with an independent third party, whereby the Group agreed to dispose of 100% of the equity interest in Luxland Limited, a wholly-owned subsidiary of NWDS, for an aggregate consideration of RMB385.0 million (equivalent to approximately HK\$396.6 million).
- e. On 28 February 2011, NWSH completed further acquisition of interest in Newton Resources and NWSH's effective interest in Newton Resources increased from approximately 43.34% to 60.00%. Newton Resources was subsequently listed on 4 July 2011 on the Main Board of the Stock Exchange, resulting in a dilution of NWSH's interest in Newton Resources from approximately 60.00% to 48.00%.
- f. In April 2011, NWSH through a jointly controlled entity acquired 35% effective interest in Hyva Holdings B.V. ("Hyva Holdings"), a company incorporated in the Netherlands, at a consideration of approximately HK\$1,400.0 million. Hyva Holdings is engaged in the development, production, marketing and distribution of components used in hydraulic loading and unloading systems on trucks and trailers.
- g. In June 2011, NWSH paid a deposit of US\$204.2 million (equivalent to approximately HK\$1,588.9 million) for the acquisition of an effective interest of 21.55% in Chinese Future Corporation ("CFC") which owns 95.00% interest in Hangzhou Ring Road. As at 30 June 2011, the acquisition has not been completed and therefore the amount paid was included as a deposit paid for interests in jointly controlled entities on the statement of financial position.

In July 2011, the acquisition of 21.55% of effective interest in CFC was completed with the remaining consideration of US\$22.7 million, equivalent to approximately HK\$180.6 million, was being paid. In addition, a further acquisition of 12.11% effective interest in CFC at a consideration of US\$145.2 million (equivalent to approximately HK\$1,132.6 million) was also concluded in July 2011.

On 16 September 2011, a further acquisition of 25.00% effective interest in CFC was completed for the consideration of US\$280.0 million (equivalent to approximately HK\$2,184.0 million) plus interest. Together with the previous acquisitions, NWSH holds approximately 58.66% effective interest in CFC.

- h. On 5 July 2011, NWDS entered into a sale and purchase agreement with an independent third party to dispose of its entire interest in Focus Smart Limited, a wholly-owned subsidiary of NWDS and the owner of the remaining portion of property located in Wuxi City, at a consideration of RMB45.0 million (equivalent to approximately HK\$54.1 million). The transaction was completed on 22 September 2011.

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

	FY2011 HK\$m	FY2010 HK\$m
Consolidated net debt	34,992.4	27,113.5
NWSH (stock code: 0659)	2,161.5	(267.3)
NWCL (stock code: 0917)	8,459.6	8,696.1
NWDS - cash and bank balances (stock code: 0825)	(4,153.0)	(3,596.7)
Net debt (exclude listed subsidiaries)	28,524.3	22,281.4

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

The Group's borrowings were mainly arranged on a floating rate basis. The Group used interest rate swaps to hedge part of the Group's underlying interest rate exposure. As at 30 June 2011, the Group had outstanding interest rate swap contracts in the amounts of HK\$5,800.0 million and US\$600.0 million (equivalent to approximately HK\$4,680.0 million) respectively.

As at 30 June 2011, HK\$35,292.9 million (2010: HK\$31,770.2 million) of the Group's assets were pledged as securities for certain banking facilities of the Group.

As at 30 June 2011, the Group's cash and bank balances stood at HK\$24,092.8 million (2010: HK\$23,608.7 million) and the consolidated net debt amounted to HK\$34,992.4 million (2010: HK\$27,113.5 million). The net debt to equity ratio was 26.0%, an increase of 2.4% as compared with FY2010. The increase was mainly due to the acquisition of property projects, infrastructure projects and the reduction of residential units sold in Hong Kong during the year.

During the year, the Group repurchased convertible bonds issued by a subsidiary company of NWCL with principal amount of RMB18.0 million (2010: redeemed RMB2,218.8 million).

As at 30 June 2011, the Group's long-term bank loans, fixed rate bonds and convertible bonds amounted to HK\$51,731.2 million. Short-term bank and other loans as at 30 June 2011 were HK\$7,354.0 million. The maturity of long-term bank loans, fixed rate bonds and convertible bonds as at 30 June 2011 was as follows:

	HK\$m
Within one year (Note)	13,023.1
In the second year	12,296.8
In the third to fifth year	17,894.9
After the fifth year	8,516.4
	51,731.2

Note: In the current year, the Group adopted HK-Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause". The interpretation requires that term loans under loan agreements containing a clause which gives the lender the unconditional right to demand for repayment at any times should be classified as current liabilities, irrespective of the probability that the lenders will invoke the clause. Long-term bank loans amounting to HK\$6,893.9 million (2010: HK\$6,059.7 million) were reclassified as current liabilities as a result of the adoption of this new standard. However, management of the Group expects that the actual repayment of these loans would be after one year as specified in the respective loan agreements under normal repayment terms.

Equity of the Group as at 30 June 2011 increased to HK\$134,368.6 million against HK\$114,886.3 million (restated) as at 30 June 2010.

OUTLOOK

After a short-term stabilisation in 2010, external risks include slow recovery in US, sovereign debt crisis in Europe, social unrest in North Africa and Middle East are increasing economic uncertainties. Among all countries, China's economy is expected to deliver the best growth.

While the system risk of global economy is increasing, Hong Kong has still achieved a reasonable economic growth with GDP increased by 5.1% in real terms over a year earlier in the second quarter of 2011 and its unemployment rate was at a record low of 3.2% from June to August 2011. Favourable conditions still persist in Hong Kong property market. Mortgage rate is expected to stay low for a while. Though there is more land supply released by the Hong Kong Government, the shortage of physical market has not been jeopardised.

The Group has recently re-launched The Masterpiece in August 2011 with satisfactory response. So far, over 40 units were sold. In the coming 12 months, the Group will launch six residential projects to provide attributable 1,949 units according to market condition.

To take care of the underprivileged, Premier Wen Jia-Bao has just depicted publicly again the determination to provide affordable housing and has introduced the idea of public rental housing. This act is good for long-term development of housing market as the underprivileged will gradually migrate to middle income class with the government "subsidy". Like a lot of developed countries, the abundance of middle-income class is crucial for the healthy development of the property market.

Recently, while further implement tightening measures on certain cities, the Central Government also allowed residential property price advancement based on local economic improvement such as GDP growth. It is expected by the market that the Central Government will further fine-tune those austerity measures in order to consolidate and enhance the positive results of austerity and effectively manage inflation. It is expected that adjustment in policies will continue in due regard to the situation of the local and the global economic development, with a view to ensuring stable development of the market.

Overall, the Group is cautiously optimistic about the Mainland China property market. We will continue our development plan to tap on the huge opportunities brought by the urbanisation in Mainland China according to the good side of the market. At the same time, we also hold a prudent approach in developing our Mainland China operations by appropriately adjusting our plan according to market and policy variations.

Service and Infrastructure businesses generate sustainable cashflow. In the 12th Five-Year Plan, the reinforcement of expressway network remains an important target for Mainland China. Road operators will not only benefit from greater investment opportunities but also a more developed and comprehensive road network. NWSH announced the acquisition of 58.66% effective interest in Hangzhou Ring Road in September 2011, which substantially strengthens the investment in the infrastructure segment.

Environmental issues remain as a top priority on the Mainland Government's agenda. The Central Government's increased support for environmental initiatives, such as wastewater and sludge treatment, has created investment opportunities for this segment. Water demand is expected to grow healthily in line with the continuous development in Mainland China. NWSH will continue to explore opportunities for investing in waste water and sludge treatment projects.

CUIRC has continued to develop its scale of operation. Individual terminals in the existing network are registering remarkable throughput growth, in particular Kunming, Chongqing and Chengdu. Driven by the increasing volume of logistics and transportation business in China, as well as the need for more environmental friendly transportation mode, the demand for rail freight transportation is expected to accelerate at a fast pace in the coming years. The CUIRC terminals are well-positioned to capture future growth in rail freight volume.

In view of the increasing demand for logistics and distribution facilities in Hong Kong, the Group capitalised on the opportunity in developing a new logistics warehouse in Kwai Chung with a total leasable area of approximately 920,000 sq ft and the facility is scheduled to be operational in late 2011. This warehouse project is expected to generate a steady operating profit as the Group has already entered into an agreement with one of the world's leading global logistics companies to lease the entire warehouse.

The Free Duty business is expected to thrive with the increase in the number of high-spending visitors from Mainland China. As part of the business development plan in conjunction with upcoming contract renewals, the Group will seek to expand its existing liquor and tobacco footprint to other retail areas.

In line with the Group's ongoing corporate strategy, the Group announced the divestment of its Macau ferry operations in August 2011.

Department stores will be benefited by steady growth in domestic consumption. NWDS has entered into an agreement acquiring the property and operating right of "Channel 1 調頻壹" in Shanghai in September 2011. The acquisition will further consolidate NWDS presence in Shanghai market.

NWDS will carry on with the expansion strategy, targeting to add 25 new self-owned stores in next five years, amounting to about 10% to 20% gross floor spaces increase per annum. NWDS planned to add five stores and complete the expansion of one existing store in FY2012 and FY2013. Extra spaces amount to approximate GFA over 248,000 sq m.

AUDIT COMMITTEE AND REVIEW OF RESULTS

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 2011.

The financial data in respect of this results announcement of the Group's results for the year ended 30 June 2011 have been agreed by the Company's joint auditors, PricewaterhouseCoopers and H. C. Watt & Company Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the joint auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the joint auditors on this results announcement.

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 2011 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 about 45,000 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, 29 September 2011

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. CHENG Chi-Kong, Adrian and Mr. CHENG Chi-Heng; (b) the Non-executive Directors of the Company are Mr. CHENG Kar-Shing, Peter, Mr. LEUNG Chi-Kin, Stewart, 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.