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New World China Land Limited

新世界中國地產有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 00917)

ANNUAL RESULTS ANNOUNCEMENT 2008/2009

RESULTS

The board of directors of New World China Land Limited (“the Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (“the Group”) for the year ended 30th June 2009:

Consolidated Income Statement

For the year ended 30th June 2009

	Note	2009 HK\$'000	2008 HK\$'000
Revenues	2	2,038,623	3,523,527
Cost of sales		(1,336,861)	(2,395,177)
Gross profit		701,762	1,128,350
Other income	3	534,386	949,203
Other gains, net	4	1,007,542	702,969
Changes in fair value of investment properties		135,182	201,676
Selling expenses		(135,560)	(128,530)
Administrative expenses		(90,065)	(72,621)
Other operating expenses		(670,196)	(651,163)
Operating profit before finance costs	5	1,483,051	2,129,884
Finance costs		(274,796)	(278,053)
Share of results of			
Associated companies		171,783	241,514
Jointly controlled entities		93,547	285,972
Profit before taxation		1,473,585	2,379,317
Taxation charge	6	(179,362)	(355,739)
Profit for the year		1,294,223	2,023,578
Attributable to:			
Equity holders of the Company		1,359,369	2,019,935
Non-controlling interests		(65,146)	3,643
		1,294,223	2,023,578
Dividends	7	230,230	230,034
Dividend per share	7		
Interim dividend		–	4.00 cents
Final dividend		6.00 cents	2.00 cents
		6.00 cents	6.00 cents
Earnings per share	8		
Basic		35.45 cents	52.70 cents
Diluted		33.52 cents	49.04 cents

Consolidated Balance Sheet
As at 30th June 2009

	Note	2009 HK\$'000	2008 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,784,002	987,412
Investment properties		9,131,467	7,321,728
Land use rights		583,892	494,142
Goodwill		82,766	127,766
Properties held for development		7,344,944	6,870,382
Associated companies		383,246	1,947,102
Jointly controlled entities		13,284,317	11,278,973
Available-for-sale financial assets		217,910	209,275
Financial assets at fair value through profit or loss		-	120,308
Cash and bank balances, restricted		26,136	40,909
		32,838,680	29,397,997
Current assets			
Properties under development		7,341,319	7,889,265
Completed properties held for sale		2,293,663	1,496,675
Hotel inventories, at cost		3,494	1,024
Debtors, deposits and other receivables	9	7,020,922	6,761,477
Amounts due from group companies		33,638	27,663
Cash and bank balances, restricted		232,358	415,559
Cash and bank balances, unrestricted		3,642,416	4,368,149
		20,567,810	20,959,812
Non-current assets held for sale		985,159	-
		21,552,969	20,959,812
Total assets		54,391,649	50,357,809
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		383,647	383,450
Reserves		29,909,271	29,244,667
Proposed final dividend		230,230	76,692
		30,523,148	29,704,809
Non-controlling interests		1,513,734	1,331,697
Total equity		32,036,882	31,036,506

Consolidated Balance Sheet
As at 30th June 2009 (Continued)

	Note	2009 HK\$'000	2008 HK\$'000
LIABILITIES			
Non-current liabilities			
Long term borrowings		11,117,308	10,253,824
Deferred tax liabilities		799,773	551,554
		11,917,081	10,805,378
Current liabilities			
Creditors and accruals	10	2,083,901	2,313,463
Deposits received on sale of properties		1,363,484	724,612
Amounts due to group companies		425,211	281,197
Short term bank loans		562,500	449,545
Current portion of long term borrowings		5,408,206	3,976,239
Amounts due to non-controlling interests		99,626	343,306
Taxes payable		494,758	427,563
		10,437,686	8,515,925
Total liabilities		22,354,767	19,321,303
Total equity and liabilities		54,391,649	50,357,809
Net current assets		11,115,283	12,443,887
Total assets less current liabilities		43,953,963	41,841,884

Notes to the financial statements

1 Basis of preparation

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

(a) The adoption of new or revised HKFRS

For the year ended 30th June 2009, the Group has adopted the following amendments to standards and interpretations which are mandatory for the financial year ended 30th June 2009:

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

The adoption of these amendments and interpretations does not have any impact on the results and financial position or changes in accounting policies of the Group. In addition, the Group has early adopted the following revised standards (which are prospectively applicable for the accounting periods beginning on or after 1st July 2009) for the year ended 30th June 2009:

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

HKFRS 3 (Revised) and HKAS 27 (Revised) are applied prospectively to transactions during the year ended 30th June 2009. The effect of early adopting HKFRS 3 (Revised) and HKAS 27 (Revised) are set out below.

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 acquisition date of any contingent purchase consideration. In a business combination achieved in stages, 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 consolidated income statement. There is a choice on an acquisition-by-acquisition basis 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) requires the transactions with non-controlling interest that do not result in the loss of control as equity transactions and these 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, the difference between its fair value and carrying amount is recognised in the consolidated income statement.

The estimated effect of the changes in the accounting policies on the consolidated income statement for the year ended 30th June 2009 are as follows:

	Increase/(decrease) in profit for the year
	HK\$'000
Other gains, net:	
Gain on retained non-controlling interests	319,073
Gain on previously held equity interests as a jointly controlled entity and associated companies	88,876
Administrative expenses	(4,175)
Profit for the year	403,774
Attributable to:	
Equity holders of the Company	403,774
Non-controlling interests	-
	403,774
Earnings per share (HK cents)	
Basic	10.53
Diluted	9.67

The estimated effect of the changes in the accounting policies on the consolidated balance sheet as at 30th June 2009 are as follows:

	Increase/(decrease)
	HK\$'000
Goodwill	(339,025)
Jointly controlled entities	319,073
Total assets	(19,952)
Reserves	(19,952)
Total equity	(19,952)

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

The following new/revised standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1st January 2009 or later periods but which the Group has not early adopted:

Effective for the year ending 30th June 2010

HKFRS 1 (Revised)	First-time Adoption of HKFRS
HKFRS 2 Amendments	Vesting Conditions and Cancellations
HKFRS 7 Amendments	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKFRS 1 (Revised) and HKAS 27 Amendments	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
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 Foreign Operation
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfer of Assets from Customers
HKFRSs Amendments	Improvements to HKFRSs 2008

Effective for the year ending 30th June 2011

HKFRS 1 Amendments	Additional Exemptions for First-time Adopters
HKFRS 2 Amendments	Group Cash-settled Share-based Payment Transactions
HKFRSs Amendments	Improvements 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 Revenues and segment information

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

	2009	2008
	HK\$'000	HK\$'000
Sale of properties	1,324,113	2,796,182
Rental income	393,331	372,108
Income from hotel operation	231,946	255,508
Property management services fee income	69,043	57,965
Project management fee income	20,190	41,764
	2,038,623	3,523,527

The Group is organised into four main business segments, comprising property sales, rental operation, hotel operation and property management services. There is no other significant identifiable separate business segment. Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, properties held for/under development, goodwill, debtors, deposits and other receivables, amounts due from group companies, completed properties held for sale and non-current assets held for sale. They exclude cash and bank balances, financial assets and prepayment for proposed development projects held at corporate office. Segment liabilities comprise mainly creditors and accruals, deposits received on sale of properties and amounts due to group companies. They exclude bank and other borrowings, deferred tax liabilities, taxes payable, other creditors and accruals at corporate office.

No geographical segment analysis is presented as the majority of the assets and operations of the Group are located in the PRC, which is considered as one geographical location in an economic environment with similar risks and returns.

Year ended 30th June 2009	Property	Rental	Hotel	Property	Other	Total
	sales	operation	operation	management	operations	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenues	1,345,503	434,161	231,946	27,013	-	2,038,623
Segment results	1,481,283	224,679	(108,154)	(10,666)	(24,186)	1,562,956
Bank and other interest income						7,565
Corporate expenses						(223,160)
Gain on repurchase of convertible bonds						67,366
Increase in fair value of financial assets at fair value through profit or loss						33,591
Gain on disposal of available-for-sale financial assets						15,065
Net foreign exchange gains						10,829
Dividend income from available-for-sale financial assets						8,839
Operating profit before finance costs						1,483,051
Finance costs						(274,796)
Share of results of						
Associated companies	(1,868)	173,825	(174)	-	-	171,783
Jointly controlled entities	(82,695)	236,812	(60,673)	(3,525)	3,628	93,547
Profit before taxation						1,473,585
Taxation charge						(179,362)
Profit for the year						1,294,223
Capital expenditure	29,847	1,380,658	95,726	1,208	5,699	1,513,138
Depreciation and amortisation	38,384	38,585	108,937	869	2,972	189,747
Provision for properties under development	-	16,926	-	-	-	16,926
Provision for amount due by a jointly controlled entity	-	-	36,500	-	-	36,500
Impairment of goodwill	57,385	28,254	-	-	-	85,639
As at 30th June 2009						
Segment assets	26,683,894	10,926,245	2,087,085	72,531	14,549	39,784,304
Associated companies and jointly controlled entities	6,783,168	6,212,947	679,347	(7,706)	(193)	13,667,563
Unallocated assets						939,782
Total assets						54,391,649
Segment liabilities	3,484,342	425,538	108,514	26,782	6,907	4,052,083
Unallocated liabilities						18,302,684
Total liabilities						22,354,767

Year ended 30th June 2008	Property sales	Rental operation	Hotel operation	Property management services	Other operations	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenues	2,837,946	410,540	255,508	19,533	-	3,523,527
Segment results	1,359,493	418,082	21,266	(1,345)	(51,293)	1,746,203
Bank and other interest income						58,260
Corporate expenses						(178,747)
Increase in fair value of financial assets at fair value through profit or loss						6,313
Net foreign exchange gains						497,855
Operating profit before finance costs						2,129,884
Finance costs						(278,053)
Share of results of						
Associated companies	(3,507)	244,967	810	(756)	-	241,514
Jointly controlled entities	1,266	322,975	(35,038)	(959)	(2,272)	285,972
Profit before taxation						2,379,317
Taxation charge						(355,739)
Profit for the year						2,023,578
Capital expenditure	75,636	294,121	145,694	874	1,296	517,621
Depreciation and amortisation	33,214	42,212	74,828	823	2,270	153,347
Provision for properties held for development	54,000	-	-	-	-	54,000
Impairment of goodwill	-	-	-	-	2,941	2,941
As at 30th June 2008						
Segment assets	25,933,989	7,981,902	1,158,941	109,032	14,556	35,198,420
Associated companies and jointly controlled entities	5,535,044	7,051,056	657,075	(6,389)	(10,711)	13,226,075
Unallocated assets						1,933,314
Total assets						50,357,809
Segment liabilities	2,775,503	330,749	423,150	48,026	29,876	3,607,304
Unallocated liabilities						15,713,999
Total liabilities						19,321,303

3 Other income

	2009	2008
	HK\$'000	HK\$'000
Interest income from jointly controlled entities, net of withholding tax (note)	431,667	363,643
Bank interest income	58,605	142,174
Trademark fee income from jointly controlled entities	29,051	60,863
Dividend income from available-for-sale financial assets	8,839	12,903
Tax indemnity from the ultimate holding company	6,224	369,620
	534,386	949,203

Note:

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

	2009	2008
	HK\$'000	HK\$'000
Share of shareholders' loan interest expenses of jointly controlled entities	(379,027)	(251,458)

4 Other gains, net

	2009 HK\$'000	2008 HK\$'000
Gain on disposal of subsidiaries	489,800	180,887
Gain on retained non-controlling interests	319,073	–
Gain on previously held equity interests as a jointly controlled entity and associated companies	88,876	–
Gain on repurchase of convertible bonds	67,366	–
Write back of provision for amount due by a jointly controlled entity	61,468	–
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary/additional interest in a subsidiary	50,940	14,217
Increase in fair value of financial assets at fair value through profit or loss	33,591	6,313
Net foreign exchange gains	20,053	515,381
Gain on disposal of available-for-sale financial assets	15,065	–
Gain on disposal of investment properties	375	40,951
Gain on disposal of partial interest in a subsidiary	–	2,161
Provision for properties under/held for development	(16,926)	(54,000)
Provision for amount due by a jointly controlled entity	(36,500)	–
Impairment of goodwill	(85,639)	(2,941)
	1,007,542	702,969

5 Operating profit before finance costs

	2009 HK\$'000	2008 HK\$'000
Operating profit before finance costs is arrived at after charging:		
Cost of properties sold	921,588	2,008,092
Depreciation of property, plant and equipment	177,110	139,105
Amortisation of land use rights	15,592	14,242

6 Taxation charge

	2009 HK\$'000	2008 HK\$'000
Current taxation		
PRC corporate income tax	64,468	128,226
PRC land appreciation tax	70,768	143,872
Deferred taxation	44,126	83,641
	179,362	355,739

Share of taxation of associated companies and jointly controlled entities for the year ended 30th June 2009 of HK\$28,410,000 (2008: HK\$71,875,000) and HK\$64,782,000 (2008: HK\$437,834,000) respectively are included in the consolidated income statement as share of results of associated companies and jointly controlled entities.

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the year (2008: Nil). PRC income tax has been provided on the estimated assessable profits of subsidiaries, associated companies and jointly controlled entities operating in the PRC at 25% (2008: 25% and 33%). PRC land appreciation tax is provided at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

7 Dividends

	2009 HK\$'000	2008 HK\$'000
Interim dividend paid of nil (2008: paid of HK\$0.04 per share)	–	153,342
Final dividend proposed of HK\$0.06 (2008: paid of HK\$0.02) per share	230,230	76,692
	230,230	230,034

At a meeting held on 8th October 2009, the directors recommended a final dividend of HK\$0.06 per share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of contributed surplus for the year ending 30th June 2010.

8 Earnings per share

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

	2009 HK\$'000	2008 HK\$'000
Profit attributable to equity holders of the Company	1,359,369	2,019,935
Interest expense on convertible bonds	40,808	34,778
Profit used to determine diluted earnings per share	1,400,177	2,054,713

	Number of shares	
	2009	2008
Weighted average number of shares for calculating basic earnings per share	3,834,864,185	3,833,135,529
Effect of dilutive potential shares:		
Share options	3,741,202	2,063,187
Convertible bonds	338,909,614	354,580,042
Weighted average number of shares for calculating diluted earnings per share	4,177,515,001	4,189,778,758

9 Debtors, deposits and other receivables

Debtors, deposits and other receivables include trade debtors, utility and other deposits, interest and other receivables and prepayments for land cost and proposed development projects. The ageing analysis of trade debtors is as follows:

	2009 HK\$'000	2008 HK\$'000
0 to 30 days	186,858	163,813
31 to 60 days	31,091	24,215
61 to 90 days	10,904	57,848
Over 90 days	147,131	121,892
	375,984	367,768

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

10 Creditors and accruals

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

	2009	2008
	HK\$'000	HK\$'000
0 to 30 days	632,549	348,988
31 to 60 days	64,689	55,401
61 to 90 days	9,835	4,531
Over 90 days	372,959	1,068,239
	1,080,032	1,477,159

BUSINESS REVIEW

During the year under review, the China property market has experienced the 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. With joint efforts from leading governments and central banks implementing various stimulus packages, the China property market and global economy at large have shown sign of recovery in the fourth quarter of FY2009. During the second quarter of FY2009, the Group has, in response to the slowed property market sentiment, rescheduled the completion progress of its property development projects and pre-sale launching program leading to a 26% drop in total gross floor area (“GFA”) completed in FY2009 as compared to FY2008. However, the Group has secured property contracted sale of 546,426 sq.m. (GFA) in aggregate during FY2009, of which 237,161 sq.m. (GFA) contracted sale with gross sales proceed of RMB1.9 billion being generated are for those projects scheduled to be completed in FY2010 and their corresponding sales shall be recorded in the consolidated income statement in FY2010.

In FY2009, the Group 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 decrease in effect from changes in fair value of investment properties which recorded at a gain of HK\$257.7 million from last year’s gain of HK\$406.1 million as a result of downward adjustment in fair value of the Group’s rental portfolio and also the effect of foreign exchange gain of HK\$38.7 million as opposed to a gain of HK\$515.0 million recorded during the last financial year end when Renminbi had appreciated by over 8%. Without taking into accounts the effect from abovementioned non-operating items and other exceptional items, the underlying core profit from the Group’s four core business operations in fact reached HK\$1,426.9 million, representing a marginal increased of 2% over that of corresponding period last year.

With the backdrop of volume shrinkage and price correction in the overall property market, the Group’s property sales operation was inevitably affected with overall sale volume drop by 47% and 18% decrease in gross contribution in attributable operating profit (“AOP”) from property sales. These negative impacts were however mitigated by considerable cost savings achieved

and contribution from various disposals of property development projects amounted to HK\$489.8 million. Furthermore, our rental operation enjoyed a growth of 13% in AOP contributions with the continuous improvement in rental rates and occupancies of our investment properties portfolio. On the other hand, the result from the Group's hotel operation was affected by global economy meltdown and the outbreak of H1N1 Swine flu which has discouraged travel.

Analysis of Attributable operating profit (“AOP”)

	FY2009	FY2008
	HK\$'000	HK\$'000
Property sales	1,140,686	1,075,619
Rental operation	440,099	388,643
Hotel operation	(122,492)	(22,713)
Property management services	(12,117)	(3,027)
Others	(19,245)	(33,514)
AOP before provision and finance costs	1,426,931	1,405,008
Gain on retained non-controlling interests	319,073	–
Gain on previously held equity interests as a jointly controlled entity and associated companies	88,876	–
Gain on repurchase of convertible bonds	67,366	–
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary/additional interest in a subsidiary	50,940	14,217
Provision for amount due by a jointly controlled entity	(36,500)	–
Provision for properties under/held for development	(54,841)	(54,000)
Tax indemnity from the ultimate holding company	6,224	369,620
Changes in fair value of investment properties, net of deferred taxation	257,659	406,074
Impairment of goodwill	(85,639)	(2,941)
Finance costs – project loans	(397,099)	(456,184)
AOP	1,642,990	1,681,794
Finance costs – corporate loans	(125,660)	(119,316)
Corporate administrative expenses	(204,270)	(158,703)
Net foreign exchange gains	38,744	515,013
Bank and other interest income	7,565	101,147
Profit attributable to equity holders of the Company	1,359,369	2,019,935

Property sales

During the year under review, the Group 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% drop year-on-year. The AOP of property sales achieved HK\$1,140.7 million or a slight increase of 6% against that of FY2008. With the slow and uncertain sentiment in the China property market during the 12 months period under review, the Group's performance in property sales has been impacted with a decrease in sales volume of 47% to a total of 472,110 sq.m. GFA sales, generating gross sale proceeds of over RMB3.4 billion. However the achieved average gross margin of the year's sales maintained at a stable level as that of last year's.

Development property projects completed in FY2009	Usage	Total GFA (sq. m.)	NWCL's interest
Dalian New World Tower (大連新世界大廈)	R	24,555	100%
Wuhan Menghu Garden Phase III (武漢夢湖香郡三期)	R	16,416	70%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R	95,247	60%
Wuhan Xin Hua Garden Phase IV (武漢新華家園四期)	R, C	55,816	60%
Changsha La Ville New World Phase I (長沙新城新世界一期)	R	122,391	48%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	R	11,742	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R	28,308	60%
Guangzhou Park Paradise Phase II D2 (廣州嶺南新世界二期 D2)	R	64,825	60%
Guangzhou Park Paradise Phase II D3 (廣州嶺南新世界二期 D3)	R	43,753	60%
Guangzhou Park Paradise Phase II E1 (廣州嶺南新世界二期 E1)	R	14,450	60%
Guangzhou Xintang New World Garden Phase V (廣州新塘新世界花園五期)	R	54,743	63%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, P	88,992	50%
Zhaoqing New World Garden Phase II (肇慶新世界花園二期)	R, P	64,288	100%
Total		685,526	

R: Residential

C: Commercial

P: Carpark

Rental operation

In FY2009, the Group's rental operation recorded an AOP of HK\$440.1 million, an increase of 13% compared to FY2008. The increase in AOP from rental operation was mainly attributable to higher occupancy rates of various office premises during the year, particularly prominent for Wuhan New World Centre and Wuhan New World Trade Tower.

During the year under review, the Group's investment property portfolio has increased by 173,100 sq.m. from the completion of seven investment properties and car parks in Dalian, Wuhan, Guangzhou and Zhaoqing.

Investment properties completed in FY2009	Usage	Total GFA (sq. m.)	NWCL's interest
Dalian New World Tower (大連新世界大廈)	C, P	53,853	100%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	C, P	71,925	60%
Wuhan Xin Hua Garden Phase IV (武漢新華家園四期)	P	6,972	60%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	P	1,264	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	C, P	12,364	60%
Guangzhou Park Paradise Phase II D2 (廣州嶺南新世界二期 D2)	P	9,144	60%
Guangzhou Park Paradise Phase II D3 (廣州嶺南新世界二期 D3)	P	2,516	60%
Zhaoqing New World Garden Phase II (肇慶新世界花園二期)	C	15,062	100%
Total		173,100	

Hotel operation

In FY2009, the construction of New World Hotel Dalian with 429 rooms has been completed and commenced operation in March 2009. In addition, the Penta Hotel Shanghai was opened with 260 rooms in the first half of FY2009.

During the year under review, the AOP from hotel operation recorded at a loss of HK\$122.5 million as opposed to a loss of HK\$22.7 million in the corresponding period last year. The overall hotel operating results was affected by the decline in occupancy rate as a result from the H1N1 Swine flu outbreak in the second quarter of 2009. The pre-matured results from New World Hotel Dalian and New World Hotel Wuhan also dampened the contribution from hotel operation to the Group's underlying profit.

The Group's hotel portfolio currently comprises seven hotels with 2,549 rooms.

Hotel portfolio	Number of rooms
Courtyard by Marriot Beijing (北京萬怡酒店)	299
New World Mayfair Hotel Shanghai (上海巴黎春天大酒店)	605
Penta Hotel Shanghai (上海貝爾特酒店)	260
New World Hotel Shenyang (瀋陽新世界酒店)	259
New World Hotel Dalian (大連新世界酒店)	429
New World Hotel Wuhan (武漢新世界酒店)	327
Courtyard by Marriot Shunde (順德萬怡酒店)	370
Total	2,549

LIQUIDITY AND CAPITAL RESOURCES

As at 30th June 2009, the Group's cash and bank deposits amounted to HK\$3,901 million (30th June 2008: HK\$4,825 million). The decrease in cash and bank deposits was mainly due to payment of development costs for new phases of development projects in Shanghai, Dalian and Shenyang and net cash consideration paid in respect of acquisition and disposal of interest in certain subsidiaries and associated companies as set out under section "Major acquisition or disposal". The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK\$13,187 million (30th June 2008: HK\$9,855 million), translating into a gearing ratio of 41% (30th June 2008: 32%). The gearing ratio is calculated on the basis of net debts over total equity.

The Group's borrowings from banks and fellow subsidiaries and liabilities of convertible bonds as at 30th June 2009 totalled HK\$16,017 million (30th June 2008: HK\$13,613 million) of which 14% were secured by way of charges over assets and 86% were unsecured.

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

	2009	2008
	HK\$'million	HK\$'million
Repayable:		
Within one year	3,297	4,426
Between one and two years	2,544	2,654
Between two and five years	10,176	6,533
Total	16,017	13,613

As at 30th June 2009, the Group's committed unutilised bank loan facilities amounted to HK\$2,127 million (30th June 2008: HK\$2,548 million).

Capital expenditure commitments

The capital expenditure commitments of the Group as at 30th June 2009 were HK\$724,864,000 (30th June 2008: HK\$173,711,000) of which HK\$616,864,000 (30th June 2008: HK\$65,711,000) were contracted but not provided for in the financial statements and HK\$108,000,000 (30th June 2008: HK\$108,000,000) were authorised but not contracted for. The Group did not have any share of capital commitments of jointly controlled entities (30th June 2008: Nil). The source of funding for capital commitments are internally generated resources and bank loan facilities.

Foreign currency exposure

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

CONTINGENT LIABILITIES

As at 30th June 2009, the Group has contingent liabilities of approximately HK\$3,207,018,000 (30th June 2008: HK\$2,350,081,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. The increase in contingent liabilities was mainly due to further drawdown of bank loans obtained by certain associated companies and jointly controlled entities during the year.

As at 30th June 2009, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group amounting to HK\$753,543,000 (30th June 2008: HK\$995,605,000).

DETAILS OF CHARGES ON GROUP'S ASSETS

As at 30th June 2009, the Group's property, plant and equipment, investment properties, land use rights, properties held for development, properties under development and bank deposits of HK\$479,887,000 (30th June 2008: HK\$456,546,000), HK\$2,531,381,000 (30th June 2008: HK\$2,157,547,000), HK\$240,529,000 (30th June 2008: HK\$297,343,000), HK\$511,013,000 (30th June 2008: HK\$261,345,000), HK\$1,810,659,000 (30th June 2008: HK\$1,345,017,000), and HK\$258,494,000 (30th June 2008: HK\$456,468,000) respectively have been pledged as securities for short term and long term bank borrowings. As at 30th June 2008, completed properties held for sale of HK\$10,499,000 had been charged as securities for a long term bank borrowing. The bank borrowing was fully repaid during the year.

AUDIT COMMITTEE

Audit committee was established in accordance with requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee consists of three independent non-executive directors of the Company. The audit committee has reviewed the audited financial statements for the year ended 30th June 2009 and discussed the financial related matters with management and external auditors.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code of Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") during the year ended 30th June 2009, except for the following deviations:

Code provision A.2.1

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

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

Code provision A.5.4

The code provision A.5.4 provides that there should be written guidelines on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules for relevant employees in respect of their dealing in the securities of the issuer.

During the fiscal year, the Company has not established guidelines for employees as required under the Code provision, instead, the relevant provisions for insider dealing as set out in the Securities and Futures Ordinance have been included in the in-house "Human Resources & Administration Manual" so that the employees are reminded of their obligation under the Ordinance.

In July 2009, the Company established and adopted written guidelines, "Code for Securities Transactions by Relevant Employees and Officers", on no less exacting terms than the Model

Code for securities transactions by the relevant employees and officers who are likely to be in possession of unpublished price-sensitive information of the Company. Since then, the Company has complied with the requirement under Code provision A.5.4.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

EMPLOYEES AND REMUNERATION POLICY

As at 30th June 2009, the Group has 4,560 full-time employees. Total staff related costs incurred during the year under review were HK\$271 million (2008: HK\$238 million), of which retirement benefits were included. Remuneration of employees is reviewed annually based on assessment of individual performance. Discretionary year-end bonus was paid to employees based on individual performance.

MAJOR ACQUISITION OR DISPOSAL

In March 2009, the Group acquired additional 25%, 50%, 60% and 5.9% equity interest in Ramada Property Ltd. ("Ramada Property"), 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 Golden Wealth Investment Limited ("Golden Wealth") for an aggregate total consideration of approximately HK\$1,039 million. The principal asset of Ramada Property is its holding of a portion of Shanghai Ramada Plaza located at 1525 Dingxi Road, Changning District, Shanghai, the PRC which is operating as two hotels through a project company. The principal assets of Faith Yard are the holding of a portion of Shanghai Ramada Plaza and Shanghai Belvedere Service Apartments located at 1555 Dingxi Road, Changning District, Shanghai, the PRC. 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 beside the Banyue Lake, Zhaoqing, Guangdong Province, the PRC. The principal asset of Huai Hai is its holding of Shanghai Hong Kong New World Tower located at Huaihaizhong Road, Luwan District, Shanghai, the PRC.

In March 2009, the 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. ("Shanghai Juyi") to Golden Wealth for an aggregate total consideration

of approximately HK\$620 million. Shangxian Lane has obtained a development right in respect of a property project in Luwan District, Shanghai, the PRC. The principal activity of Shanghai Juyi is the development of Shanghai Hong Kong New World Garden located in Luwan District, Shanghai, the PRC. The above transactions gave rise to a net disposal gain of approximately HK\$370 million to the Group.

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

On 14th October 2008, New World China Land Finance Limited, an indirect wholly-owned subsidiary of the Company, repurchased the USD settled zero coupon guaranteed convertible bonds due in 2012 ("Bonds") (stock code : 01517) issued by itself. Details of the repurchase were as follows :

<u>Units of Bonds purchased</u>	<u>Method of purchase</u>	<u>Aggregate price paid</u>
2,500 units of Bonds with face value of RMB100,000 each	Off market	USD24,904,775.86

The Bonds repurchased have been cancelled during the year. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER THE BALANCE SHEET DATE

On 1st August 2009, the Group entered into a supplementary co-operative contract with Guangzhou Fangchun Real Estate Development and Management Company Limited and Guangzhou Fangchun Real Estate Development General Company (collectively the "PRC Parties"), pursuant to which PRC Parties agreed to change its profit sharing ratio in Guangzhou Fong Chuen New World Property Development Co., Ltd. ("Fong Chuen"), a co-operative joint venture ("CJV") of the Group, from 40% to 25% without consideration. Before and after the acquisition, the Group owned 60% and 75% equity interests in Fong Chuen respectively and Fong Chuen remains to be a CJV of the Group.

On 3rd September 2009, the Group entered into an agreement with Tianjin Anju Construction Development Company Limited ("Tianjin Anju") whereby Tianjin Anju agreed to withdraw all of its 30% interest in Tianjin New World Property Development Company Limited ("Tianjin New World Property"), a CJV without consideration. Upon completion of the registration procedure in respect of the withdrawal of Tianjin Anju, the Group would have 100% interests in Tianjin New World Property and Tianjin New World Property would become a wholly-owned subsidiary of the Group.

On 6th October 2009, the Group entered into an agreement with Guangzhou Hong Tu Industrial Co. Ltd ("Hong Tu") whereby Hong Tu agreed to transfer its 40% interests in Guangzhou Jixian

Zhuang New World City Garden Development Limited (“Jixian Zhuang”), a CJV of the Group for a consideration of RMB1. Upon completion of the registration procedure in respect of the transfer of all the rights and obligations to the Group by Hong Tu, the Group would have 100% interests in Jixian Zhuang and Jixian Zhuang would become a wholly-owned subsidiary of the Group.

OUTLOOK

Property industry is closely correlated with local economy. In 2007, Mainland China property market experienced rapid development nationwide. Later that year, austerity measures triggered adjustments of individual regional markets based on their own supply-demand dynamics. In late 2008, the global economic volatility further dissipated the stalling momentum of China property market. For the whole year of 2008, the concrete housing demand was suppressed by the weak market sentiment.

China’s link to the outside world is now more extensive than decades ago. With a sizeable domestic consumption, China is not yet fully exposed to “infections” of the world. The abundance of liquidity with a reasonable lending rate, plus the easing of control measures, encouraged the resurfacing of concrete user demand in early 2009. Signs of stabilisation were first observed in the second and third tier cities which had a balanced market even during those overheated days. In late March 2009, there was a broad base market rebound with transaction volume expansion and price firming across China.

During the hard time, most developers had delayed their construction plan with the backdrop of tight liquidity and slow demand. The faster-than-expected market rehabilitation in the second quarter of 2009 induced the supply shortage in certain cities, especially the first-tier ones. On the contrary, the second and third tier cities are generally had a balanced supply-demand landscape even after the quick run in market. Liquidity easing and strong demand pushed the developers resume their pending constructions. However, the new supply could not keep pace with the fast growing demand. In the short-term, it would not be surprised to see a contraction in transaction volume and a further price increase. In medium and long term, the rapid urbanisation and genuine housing demand will cradle the healthy growth and development of the market.

Policy will be a key to market development. Given the export is still weak, the Central Government has to encourage domestic consumption to fuel the economic growth. As a pillar industry, the property sector should maintain a healthy growth in order to sustain the domestic consumption confidence. It is widely expected that the Central Government would not make a major shift from its’ current policies. Nevertheless, there would be minor adjustments to pace the market and economic rhythm.

We will continue a prudent approach in managing our business in China. Overall, we are cautiously optimistic about the China property market. NWCL is monitoring the market closely and develops appropriate product for sale timely. Furthermore, NWCL will continue its

selective expansion of our solid recurrent income base from rentals.

In FY2010, the Group plans to complete 12 projects with a total GFA of 826,725 sq.m..

Properties to be completed in FY2010	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing Liang Guang Road Block VI (北京兩廣路住宅樓#6)	R, C	33,640	70%
Wuhan New World Centre (武漢新世界中心)	C, P	20,691	100%
Wuhan Menghu Garden Phase III (武漢夢湖香郡三期)	R	39,295	70%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C	44,157	60%
Chengdu New World Riverside Phase IA (成都河畔新世界一期 A)	R	96,518	30%
Changsha La Ville New World Phase I (長沙新城新世界一期)	R, C, P	61,410	48%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, C	116,435	50%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	R, C, P	116,626	100%
Guangzhou Park Paradise Phase IIE2 (廣州嶺南新世界二期 E2)	R, C, P	96,679	100%
Guangzhou Xintang New World Garden Phase IV (廣州新塘新世界花園四期)	R, P	32,091	63%
Guangzhou Xintang New World Garden Phase V (廣州新塘新世界花園五期)	R, C	47,249	63%
Shunde New World Centre Phase III (順德新世界中心三期)	R	51,000	35%
Huizhou Changhuyuan Phase II B (惠州長湖苑二期 B)	R, C, P	70,934	63%
Total		826,725	

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 7th December 2009 to Wednesday, 9th December 2009 (both days inclusive). In order to establish entitlements to the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 4th December 2009.

Dr. Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 8th October 2009

As at the date of this announcement, the board of directors of the Company comprises: (1) Dr. Cheng Kar-shun, Henry, Mr. Doo Wai-hoi, William, Mr. Cheng Kar-shing, Peter, Mr. Cheng Chi-kong, Adrian, Mr. Leung Chi-kin, Stewart, Mr. Chow Kwai-cheung, Mr. Chow Yu-chun, Alexander, Mr. Fong Shing-kwong, Michael and Ms. Ngan Man-ying, Lynda as executive directors; (2) Mr. Fu Sze-shing as non-executive director and (3) Mr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John as independent non-executive directors.