

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**New World China Land Limited**

**新世界中國地產有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 917)**

## **ANNUAL RESULTS ANNOUNCEMENT 2010/2011**

### **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 2011:

#### **Consolidated Income Statement**

**For the year ended 30th June 2011**

	Note	2011 HK\$'000	2010 HK\$'000
Revenues	2	<b>13,557,227</b>	6,340,752
Cost of sales		<b>(9,300,950)</b>	(4,808,486)
Gross profit		<b>4,256,277</b>	1,532,266
Other income	3	<b>879,277</b>	649,036
Other gains, net	4	<b>680,239</b>	1,868,823
Changes in fair value of investment properties		<b>386,890</b>	169,262
Selling expenses		<b>(267,034)</b>	(216,419)
Administrative expenses		<b>(95,857)</b>	(100,199)
Other operating expenses		<b>(885,779)</b>	(831,849)
Operating profit before finance costs	5	<b>4,954,013</b>	3,070,920
Finance costs		<b>(268,470)</b>	(280,244)
Share of results of			
Associated companies		<b>18,864</b>	15,860
Jointly controlled entities		<b>359,312</b>	463,814
Profit before taxation		<b>5,063,719</b>	3,270,350
Taxation charge	6	<b>(1,917,443)</b>	(629,183)
Profit for the year		<b>3,146,276</b>	2,641,167
Attributable to:			
Equity holders of the Company		<b>3,025,826</b>	2,636,427
Non-controlling interests		<b>120,450</b>	4,740
		<b>3,146,276</b>	2,641,167
Earnings per share	7		
Basic		<b>52.54 cents</b>	50.75 cents
Diluted		<b>52.02 cents</b>	48.22 cents
Dividends	8	<b>403,364</b>	403,037
Dividend per share	8		
Interim dividend		<b>3.00 cents</b>	–
Final dividend		<b>4.00 cents</b>	7.00 cents

**Consolidated Statement of Comprehensive Income**  
**For the year ended 30th June 2011**

	2011	2010
	HK\$'000	HK\$'000
Profit for the year	<b>3,146,276</b>	2,641,167
Other comprehensive income:		
Changes in fair value of available-for-sale financial assets	<b>(34,048)</b>	4,086
Disposal of available-for-sale financial assets	<b>(34,049)</b>	-
Translation differences	<b>1,280,728</b>	(8,207)
Share of other comprehensive income of jointly controlled entities	<b>326,244</b>	-
Share of other comprehensive income of associated companies	<b>(3,232)</b>	-
Other comprehensive income for the year	<b>1,535,643</b>	(4,121)
<b>Total comprehensive income for the year</b>	<b>4,681,919</b>	2,637,046
Total comprehensive income attributable to:		
Equity holders of the Company	<b>4,555,089</b>	2,634,575
Non-controlling interests	<b>126,830</b>	2,471
	<b>4,681,919</b>	2,637,046

**Consolidated Statement of Financial Position**  
**As at 30th June 2011**

	Note	2011 HK\$'000	2010 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,832,310	1,641,140
Investment properties		14,197,823	12,409,018
Land use rights		693,090	604,530
Goodwill		23,394	23,394
Properties held for development		12,478,678	10,610,021
Associated companies		413,476	400,705
Jointly controlled entities		9,633,728	9,905,121
Available-for-sale financial assets		58,362	221,996
Cash and bank balances, restricted		–	9,091
		<b>39,330,861</b>	<b>35,825,016</b>
<b>Current assets</b>			
Properties under development		15,214,997	12,198,336
Completed properties held for sale		2,767,280	1,831,516
Hotel inventories, at cost		4,653	2,960
Prepayments, debtors and other receivables	9	10,976,586	10,667,110
Amounts due from related companies		589,809	491,645
Cash and bank balances, restricted		10,355	1,380
Cash and bank balances, unrestricted		10,640,373	7,965,386
		<b>40,204,053</b>	<b>33,158,333</b>
<b>Total assets</b>		<b>79,534,914</b>	<b>68,983,349</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		576,239	575,725
Reserves		40,887,420	36,711,315
Proposed final dividend		230,505	403,037
		<b>41,694,164</b>	<b>37,690,077</b>
<b>Non-controlling interests</b>		<b>2,354,690</b>	<b>1,714,322</b>
<b>Total equity</b>		<b>44,048,854</b>	<b>39,404,399</b>

## Consolidated Statement of Financial Position (Continued)

As at 30th June 2011

	Note	2011 HK\$'000	2010 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term borrowings		14,151,021	16,076,473
Deferred tax liabilities		2,185,100	2,266,299
		<b>16,336,121</b>	<b>18,342,772</b>
<b>Current liabilities</b>			
Creditors and accruals	10	3,714,991	2,335,104
Deposits received on sale of properties		4,819,682	4,629,965
Amounts due to related companies		1,337,068	934,969
Short term loans		370,087	354,773
Current portion of long term borrowings		6,382,934	1,979,853
Amounts due to non-controlling interests		101,512	99,626
Taxes payable		2,423,665	901,888
		<b>19,149,939</b>	<b>11,236,178</b>
<b>Total liabilities</b>		<b>35,486,060</b>	<b>29,578,950</b>
<b>Total equity and liabilities</b>		<b>79,534,914</b>	<b>68,983,349</b>
<b>Net current assets</b>		<b>21,054,114</b>	<b>21,922,155</b>
<b>Total assets less current liabilities</b>		<b>60,384,975</b>	<b>57,747,171</b>

### Notes to the financial statements

#### 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. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets, which are measured at fair value.

(a) The adoption of new or revised HKFRS

For the year ended 30th June 2010, the Group has early adopted HKAS 32 Amendment “Financial Instruments: Presentation - Classification of Rights Issues” which is effective for accounting periods beginning on or after 1st February 2010. In the current year, the Group has adopted the following amendments to standards and interpretations which are mandatory for the financial year ended 30th June 2011:

HKFRSs Amendments	Improvements to HKFRSs 2009
HKFRS 1 Amendment	Additional Exemptions for First-time Adopters
HKFRS 1 Amendment	Limited Exemption from Comparative HKFRS 7 Disclosures 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 annual periods beginning on or after 1st January 2012.

The effect of the adoption of these amendments and interpretations are detailed below:

HK – Int 5 “Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause” is a clarification of an existing standard, HKAS 1 “Presentation of Financial Statements”. This interpretation requires that loans subject to 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 adoption of this interpretation has no significant effect on the financial position of the Group as at 30th June 2010, no retrospective adjustment has been made accordingly. As at 30th June 2011, borrowings of HK\$694,805,000 have been classified as current liabilities under HK – Int 5.

HKAS 12 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 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 early adoption of this amendment has no significant impact on the Group’s results and financial position.

The adoption of other amendments and interpretations does not have a significant effect on the results and financial position of the Group.

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

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

Effective for the year ending 30th June 2012 or after

HKFRSs Amendments	Improvements to HKFRSs 2010
HKFRS 1 Amendment	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 Amendment	Disclosures – Transfers of Financial Assets
HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of interest in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 24 (Revised)	Related Party Disclosures

HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 14 Amendment	Prepayments of a Minimum Funding Requirement

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 operation and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the financial statements.

(c) Change in accounting estimate

During the year ended 30th June 2011, a review of useful lives of the furniture, fixtures and equipment and leasehold improvements for the hotel operation was conducted. With effect from 1st July 2010, their estimated useful lives have been revised from 5 years to 8 years. This represents a change in accounting estimates and is accounted for prospectively. As a result of this change, the depreciation charge of the Group, associated companies and jointly controlled entities attributable to the Group for the year ended 30th June 2011 have been decreased by approximately HK\$29,735,000, HK\$1,091,000 and HK\$10,035,000 respectively. Such effect is expected to recur over the remaining lives of the relevant assets.

## 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, project management fee income and hotel management services fee income.

	2011 HK\$'000	2010 HK\$'000
Sale of properties	<b>12,434,039</b>	5,406,162
Rental income	<b>542,151</b>	453,674
Income from hotel operation	<b>397,240</b>	339,745
Property management services fee income	<b>126,363</b>	104,499
Project management fee income	<b>25,451</b>	19,943
Hotel management services fee income	<b>31,983</b>	16,729
	<b>13,557,227</b>	6,340,752

The chief operating decision-maker has been identified as the executive committee. This committee reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The committee considers the business from the perspective of the services and products. The management assesses the performance of property sales, rental operation, hotel operation, property management services and hotel management services operations. Other operations include ancillary services in property projects.

The executive committee assesses the performance of the operating segments based on a measure of attributable operating profit (“AOP”) before finance costs and taxation charge. This measurement basis excludes the effects of changes in fair value of investment properties, gains and losses from changes in group structure, impairment and expenses and income at corporate office. Interest income is included in the result of each operating segment that is reviewed by the executive committee.

Sales between segments are carried out in accordance with terms agreed by the parties involved. The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the consolidated income statement.

Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, properties held for/under development, goodwill, prepayments, debtors and other receivables, amounts due from related companies and completed properties held for sale. They exclude cash and bank balances, available-for-sale financial assets and prepayment for proposed development projects held and managed at corporate office. These are part of the reconciliation to total assets on the consolidated statement of financial position.

Segment liabilities comprise mainly creditors and accruals, deposits received on sale of properties and amounts due to related companies. They exclude bank and other borrowings, deferred tax liabilities, taxes payable, other creditors and accruals at corporate office. These are part of the reconciliation to total liabilities on the consolidated statement of financial position.

The majority of the assets and operations of the Group are located in the PRC. Revenues are mainly derived from the PRC. Non-current assets other than financial instruments are mainly located in the PRC.

<b>Year ended 30th June 2011</b>	<b>Property sales HK\$'000</b>	<b>Rental operation HK\$'000</b>	<b>Hotel operation HK\$'000</b>	<b>Property management services HK\$'000</b>	<b>Hotel management services HK\$'000</b>	<b>Other operations HK\$'000</b>	<b>Total HK\$'000</b>
Segment revenues							
Company and subsidiaries							
Total revenues	12,459,490	567,082	397,240	159,160	50,250	–	13,633,222
Inter-segment revenues							
	–	(24,931)	–	(32,797)	(18,267)	–	(75,995)
External revenues	12,459,490	542,151	397,240	126,363	31,983	–	13,557,227
Associated companies - attributable to the Group							
	64,733	20,244	21,215	–	–	–	106,192
Jointly controlled entities - attributable to the Group							
	1,485,357	338,098	84,164	51,245	–	–	1,958,864
	14,009,580	900,493	502,619	177,608	31,983	–	15,622,283
Segment bank and other interest income							
	43,074	11,849	589	249	–	21	55,782
AOP before finance costs and taxation charge							
Company and subsidiaries							
	3,232,278	251,826	(16,177)	(26,953)	(63,882)	(49)	3,377,043
Associated companies							
	17,296	8,343	(4,663)	–	–	–	20,976
Jointly controlled entities							
	743,586	181,958	(35,177)	3,895	–	3,932	898,194
	3,993,160	442,127	(56,017)	(23,058)	(63,882)	3,883	4,296,213
Additions to non-current assets other than financial instruments							
	3,750,252	970,352	85,125	2,140	1,027	1,292	4,810,188
Depreciation and amortisation							
	43,016	17,872	132,736	1,129	1,180	1,446	197,379
Share of results of Associated companies							
	12,542	10,983	(4,661)	–	–	–	18,864
Jointly controlled entities							
	290,287	104,179	(41,977)	3,119	–	3,704	359,312



As at 30th June 2011	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Hotel management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment assets	49,983,526	14,694,057	1,983,805	113,237	192,837	7,403	66,974,865
Associated companies and jointly controlled entities	2,206,986	7,233,642	582,208	9,756	4,194	10,418	10,047,204
Available-for-sale financial assets							58,362
Property, plant and equipment at corporate office							4,310
Prepayments, debtors and other receivables at corporate office							109,404
Amounts due from related companies at corporate office							568,092
Cash and bank balances at corporate office							<u>1,772,677</u>
Total assets							<u>79,534,914</u>
Segment liabilities	9,890,605	285,487	76,723	67,429	16,280	1,023	10,337,547
Creditors and accruals at corporate office							53,951
Taxes payable							2,005,420
Borrowings							20,904,042
Deferred tax liabilities							<u>2,185,100</u>
Total liabilities							<u>35,486,060</u>

Year ended 30th June 2010	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Hotel management services HK\$'000	Other operations HK\$'000	Total HK\$'000
<b>Segment revenues</b>							
Company and subsidiaries							
Total revenues	5,426,105	454,109	339,745	126,609	29,908	–	6,376,476
Inter-segment revenues							
	–	(435)	–	(22,110)	(13,179)	–	(35,724)
External revenues	5,426,105	453,674	339,745	104,499	16,729	–	6,340,752
Associated companies - attributable to the Group							
	3,641	18,908	20,642	–	–	–	43,191
Jointly controlled entities - attributable to the Group							
	2,328,031	441,229	76,581	43,202	–	–	2,889,043
	<b>7,757,777</b>	<b>913,811</b>	<b>436,968</b>	<b>147,701</b>	<b>16,729</b>	<b>–</b>	<b>9,272,986</b>
<b>Segment bank and other interest income</b>							
	100,727	8,728	210	105	6	15	109,791
<b>AOP before finance costs and taxation charge</b>							
Company and subsidiaries							
	751,773	183,090	(66,307)	(37,476)	6,627	(288)	837,419
Associated companies							
	132	9,586	2,862	–	–	–	12,580
Jointly controlled entities							
	698,172	296,947	(34,283)	262	–	994	962,092
	<b>1,450,077</b>	<b>489,623</b>	<b>(97,728)</b>	<b>(37,214)</b>	<b>6,627</b>	<b>706</b>	<b>1,812,091</b>
<b>Additions to non-current assets other than financial instruments</b>							
	1,747,319	1,855,060	21,717	888	223	587	3,625,794
<b>Depreciation and amortisation</b>							
	37,832	28,426	151,290	941	1,057	1,962	221,508
<b>Share of results of</b>							
Associated companies							
	(85)	8,101	7,844	–	–	–	15,860
Jointly controlled entities							
	203,353	301,916	(41,471)	(461)	–	477	463,814

As at 30th June 2010	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Hotel management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment assets	40,066,650	13,157,839	1,896,585	87,514	51,470	24,336	55,284,394
Associated companies and jointly controlled entities	3,222,852	6,255,250	816,007	(342)	602	11,457	10,305,826
Available-for-sale financial assets							221,996
Property, plant and equipment at corporate office							4,487
Prepayments, debtors and other receivables at corporate office							314,059
Amounts due from related companies at corporate office							425,190
Cash and bank balances at corporate office							2,427,397
Total assets							<u>68,983,349</u>
Segment liabilities	7,646,641	304,595	257,145	40,972	13,727	11,829	8,274,909
Creditors and accruals at corporate office							36,150
Taxes payable							590,493
Borrowings							18,411,099
Deferred tax liabilities							2,266,299
Total liabilities							<u>29,578,950</u>

**Reconciliations of reportable segment revenues to revenues of the Group and reportable AOP before finance costs and taxation charge to profit before taxation:**

	2011 HK\$'000	2010 HK\$'000
<b>(i) Revenues</b>		
Total segment revenues	15,622,283	9,272,986
Less:		
Revenues of associated companies and jointly controlled entities, attributable to the Group	(2,065,056)	(2,932,234)
<b>Revenues as presented in consolidated income statement</b>	<b>13,557,227</b>	<b>6,340,752</b>
<b>(ii) Profit before taxation</b>		
AOP before finance costs and taxation charge	4,296,213	1,812,091
Finance costs – project loans	(248,896)	(183,191)
Corporate income tax and land appreciation tax, net of tax indemnity	(1,353,562)	(511,913)
<b>AOP after finance costs and taxation charge</b>	<b>2,693,755</b>	<b>1,116,987</b>
Net foreign exchange gains/(losses)	627,531	(1,846)
Bank and other interest income - corporate	4,941	5,944
Finance costs – corporate loans	(50,172)	(139,992)
Deferred tax on undistributed profits	(161,816)	(89,052)
Corporate administrative expenses	(210,939)	(182,599)
<b>AOP after corporate items</b>	<b>2,903,300</b>	<b>709,442</b>
Changes in fair value of investment properties, net of deferred taxation	119,883	57,737
Gain on disposal of available-for-sale financial assets	24,875	–
Gain/(loss) on repurchase/early redemption of convertible bonds	1,268	(162,227)
Write back of provision for amount due by a jointly controlled entity	1,000	–
Provision for amount due by a jointly controlled entity	(24,500)	(12,000)
Gain on remeasuring previously held interests of jointly controlled entities at fair value upon further acquisition as subsidiaries	–	1,332,086
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	–	732,125
Write back of provision for properties held for development	–	54,000
Loss on disposal of non-current assets held for sale	–	(15,364)
Impairment of goodwill	–	(59,372)
	<b>122,526</b>	<b>1,926,985</b>
<b>Profit attributable to equity holders of the Company</b>	<b>3,025,826</b>	<b>2,636,427</b>
Taxation charge	1,917,443	629,183
<b>Profit attributable to non-controlling interests</b>	<b>120,450</b>	<b>4,740</b>
<b>Profit before taxation</b>	<b>5,063,719</b>	<b>3,270,350</b>

### 3 Other income

	2011 HK\$'000	2010 HK\$'000
Tax indemnity from the ultimate holding company	654,285	339,469
Interest income from jointly controlled entities, net of withholding tax (note)	94,522	119,184
Bank and other interest income	86,209	130,273
Trademark fee income from jointly controlled entities	44,261	15,903
Income from early termination of a hotel management contract	-	30,000
Dividend income from available-for-sale financial assets	-	14,207
	<b>879,277</b>	<b>649,036</b>

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:

	2011 HK\$'000	2010 HK\$'000
Share of shareholders' loan interest expenses of jointly controlled entities	<b>(82,085)</b>	<b>(97,178)</b>

#### 4 Other gains, net

	2011	2010
	HK\$'000	HK\$'000
Net foreign exchange gains/(losses)	639,432	(1,371)
Gain on disposal of investment properties	81,074	946
Gain on disposal of available-for-sale financial assets	24,875	-
Gain/(loss) on repurchase/early redemption of convertible bonds	1,268	(162,227)
Write back of provision for amount due by a jointly controlled entity	1,000	-
Provision for amount due by a jointly controlled entity	(24,500)	(12,000)
Fee for buyout of hotel management contracts	(42,910)	-
Gain on remeasuring previously held interests of jointly controlled entities at fair value upon further acquisition as subsidiaries	-	1,332,086
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	-	732,125
Write back of provision for properties held for development	-	54,000
Loss on disposal of non-current assets held for sale	-	(15,364)
Impairment of goodwill	-	(59,372)
	<b>680,239</b>	<b>1,868,823</b>

#### 5 Operating profit before finance costs

	2011	2010
	HK\$'000	HK\$'000
Operating profit before finance costs is arrived at after charging:		
Cost of properties sold	8,642,454	4,281,803
Depreciation of property, plant and equipment	178,293	204,800
Amortisation of land use rights	19,086	16,708

#### 6 Taxation charge

	2011	2010
	HK\$'000	HK\$'000
Current taxation		
PRC corporate income tax	893,373	214,981
PRC land appreciation tax	1,229,145	279,262
Deferred taxation	(205,075)	134,940
	<b>1,917,443</b>	<b>629,183</b>

Share of taxation of associated companies and jointly controlled entities for the year ended 30th June 2011 of HK\$1,029,000 (2010: HK\$1,292,000) and HK\$313,844,000 (2010: HK\$448,767,000) 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 estimated assessable profits in Hong Kong for the year (2010: Nil). PRC corporate income tax has been provided on the estimated assessable profits of subsidiaries, associated companies and jointly controlled entities operating in the PRC at 25% (2010: 25%). PRC land appreciation tax is provided at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

## 7 Earnings per share

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

	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Profit attributable to equity holders of the Company	<b>3,025,826</b>	2,636,427
Interest expense on convertible bonds	–	39,348
Less: gain on repurchase of convertible bonds	<b>(1,268)</b>	–
<b>Profit used to determine diluted earnings per share</b>	<b>3,024,558</b>	2,675,775

	<b>Number of shares</b>	
	<b>2011</b>	2010
Weighted average number of shares for calculating basic earnings per share	<b>5,759,635,016</b>	5,194,521,293
Effect of dilutive potential shares:		
Share options	<b>7,091,795</b>	9,303,870
Convertible bonds	<b>47,251,179</b>	345,752,134
<b>Weighted average number of shares for calculating diluted earnings per share</b>	<b>5,813,977,990</b>	5,549,577,297

## 8 Dividends

	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Interim dividend paid of HK\$0.03 (2010: Nil) per share	<b>172,859</b>	–
Final dividend proposed of HK\$0.04 (2010: HK\$0.07) per share	<b>230,505</b>	403,037
	<b>403,364</b>	403,037

At a meeting held on 29th September 2011, the directors recommended a final dividend of HK\$0.04 per share. This proposed dividend is not reflected as dividend payable in these financial statements, but will be reflected as an appropriation of contributed surplus for the year ending 30th June 2012.

## 9 Prepayments, debtors and other receivables

Prepayments, debtors and other receivables include trade debtors, prepaid land preparatory cost, prepayment for purchase of land and proposed development projects, prepaid taxes, other prepayments, deposits and receivables. The ageing analysis of trade debtors based on invoice date is as follows:

	As at 30th June 2011 HK\$'000	As at 30th June 2010 HK\$'000
0 to 30 days	1,158,412	160,226
31 to 60 days	32,553	37,273
61 to 90 days	73,326	11,752
Over 90 days	219,144	112,899
	<b>1,483,435</b>	<b>322,150</b>

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:

	As at 30th June 2011 HK\$'000	As at 30th June 2010 HK\$'000
0 to 30 days	2,565,894	1,100,573
31 to 60 days	42,531	37,072
61 to 90 days	60,061	31,845
Over 90 days	290,714	432,066
	<b>2,959,200</b>	<b>1,601,556</b>



## **BUSINESS REVIEW**

In 2010, the China property market continued to expand with its economic growth since the market rebound in the second quarter of 2009. The soaring property prices and transaction volumes led the Central Government to launch a series of property tightening measures in April 2010 in an effort to contain property prices and second round of tightening measures were launched when the property market revived again in September 2010. Faced with the pressure of market tightening policies, the Group's secured contracted sales volume dropped by 19% to approximately 1,065,000 sq. m. gross floor area ("GFA") during the year under review compared to contracted sales secured in last year. Nevertheless, gross sales proceeds of contracted sales during the year increased by 31% to RMB13.325 billion despite the drop in GFA sold reflected the overall market price surge predominately in first-tier cities such as Beijing, Shanghai and Guangzhou. Included in the contracted sales secured during the year, approximately 326,000 sq. m. with gross sales proceeds of approximately RMB4.759 billion are for those projects scheduled to be completed within the next 12 months and their corresponding sales revenues shall be recorded in the consolidated income statement of FY2012.

During the year under review, the Group recorded a net profit of HK\$3.146 billion which represents a year-on-year increase of 19% from a net profit of HK\$2.641 billion achieved in FY2010. The Group's core profit for the year, excluding various fair value gains and non-recurring items, was HK\$2.903 billion, had increased substantially by more than three folds comparing to last year's HK\$0.709 billion. The leading factors contributing to the increase in core profit were the improvement in operating results from sale of properties and hotel operation as well as recognition of exchange gains resulted from appreciation of Renminbi by approximately 5% during the year under review. Whereas, for FY2010, the net profit achieved consist of a substantial amount of fair value gains arose from a number of equity buyout exercise undertaken last year. The Group's attributable operating profit ("AOP") before finance costs and taxation charge during FY2011 recorded a substantial increase of 137% to HK\$4.296 billion from HK\$1.812 billion recorded last year which was mainly attributable to great performance in property sales operation as a result of 26% increase in recorded property sales volume with the increase in project completion and the improvement in overall gross profit margin by 7 percentage points.

## Analysis of Attributable operating profit

	FY2011 HK\$'000	FY2010 HK\$'000
Property sales	3,993,160	1,450,077
Rental operation	442,127	489,623
Hotel operation	(56,017)	(97,728)
Property management services	(23,058)	(37,214)
Hotel management services	(63,882)	6,627
Other operations	3,883	706
AOP before finance costs and taxation charge	4,296,213	1,812,091
Finance costs – project loans	(248,896)	(183,191)
Corporate income tax and land appreciation tax, net of tax indemnity	(1,353,562)	(511,913)
AOP after finance costs and taxation charge	2,693,755	1,116,987
Net foreign exchange gains/(losses)	627,531	(1,846)
Bank and other interest income - corporate	4,941	5,944
Finance costs – corporate loans	(50,172)	(139,992)
Deferred tax on undistributed profits	(161,816)	(89,052)
Corporate administrative expenses	(210,939)	(182,599)
AOP after corporate items	2,903,300	709,442
Changes in fair value of investment properties, net of deferred taxation	119,883	57,737
Gain on disposal of available-for-sale financial assets	24,875	–
Gain/(loss) on repurchase/early redemption of convertible bonds	1,268	(162,227)
Write back of provision for amount due by a jointly controlled entity	1,000	–
Provision for amount due by a jointly controlled entity	(24,500)	(12,000)
Gain on remeasuring previously held interests of jointly controlled entities at fair value upon further acquisition as subsidiaries	–	1,332,086
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	–	732,125
Write back of provision for properties held for development	–	54,000
Loss on disposal of non-current assets held for sale	–	(15,364)
Impairment of goodwill	–	(59,372)
	122,526	1,926,985
Profit attributable to equity holders of the Company	3,025,826	2,636,427

## Property sales

During the year under review, the Group's AOP from property sales rose 175% from an AOP of HK\$1,450.08 million achieved in FY2010 to HK\$3,993.16 million. The significant increase in AOP from property sales was mainly attributable to increase in both recorded sales volume, largely from sales of Shanghai Zhongshan Square, Shenyang New World Garden, Wuhan Changqing Garden, Guangzhou New World Oriental Garden and Guangzhou Covent Garden, and continuous improvement in overall gross profit margin comparing to last year. During the year under review, the Group's recorded property sales volume reached 1,307,329 sq. m., a 26% year-on-year increase with gross sale proceeds increased by 63% to approximately RMB12.971 billion. The AOP from property sales in FY2011 have not been much affected by the property tightening measures rolled out during the year under review as over one-third of the property sales revenue were secured after the market rebound in the second quarter of 2009 and before April 2010 when the property market was heated with domestic and foreign demands. Furthermore, the market revival in September 2010 after four months of slow activity boosted the Group's recorded property sales further in the fourth quarter of 2010 and months before the financial year end of 2011.

In FY2011, the Group's overall gross profit margin had improved to 33%, an increase of 7 percentage points from a gross profit margin of 26% achieved in FY2010. The improvement in achieved gross profit margin was mainly attributable to the surging selling price due to improved market sentiment, and difference in sales mix between the two financial years where the residential projects completed and recorded in FY2010 were mainly located in the second-tier city such as Chengdu, Changsha and Guiyang which were lowered-priced.

In FY2011, the Group 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 an 86% increase year-on-year.

<b>Development property projects completed in FY2011</b>	<b>Usage</b>	<b>Total GFA (sq. m.)</b>	<b>NWCL's interest</b>
Shenyang New World Garden Phase II A (瀋陽新世界花園二期 A)	R, C, O	473,829	90%
Anshan New World Garden Phase I A (鞍山新世界花園一期 A)	R, C	110,132	100%
Shanghai Zhongshan Square (上海中山廣場)	C, O, P	142,184	100%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C	147,644	60%
Chengdu New World Riverside Phase I (成都河畔新世界一期)	R	140,684	30%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	R	57,337	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R	75,471	100%
Guangzhou Park Paradise Phase II E (廣州嶺南新世界二期 E)	R	33,819	100%
Guangzhou Xintang New World Garden Phase V (廣州新塘新世界五期)	R	28,516	63%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, C, P	154,598	50%
<b>Total</b>		<b>1,364,214</b>	

*R: Residential*

*C: Commercial*

*O: Office*

*P: Carpark*

## **Rental operation**

In FY2011, the Group's rental operation recorded an AOP of HK\$442.13 million, a 10% decrease compared to FY2010. The decrease in AOP from rental operation was mainly due to reduction of turnover rent rate upon 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, massive renovation of shopping arcade of Shanghai Hong Kong New World Tower undergoing during the year, and the pre-matured operating results of Wuhan K11 Gourmet Tower and Beijing Baoding Tower shopping mall also led to the decrease in AOP from rental operation of the year under review.

## Hotel operation

During the year under review, the AOP from hotel operation recorded at a loss of HK\$56.02 million as compared to a loss of HK\$97.73 million recorded last year. The continuing improvement in operating results from hotel operation was attributable to the continuing growth in hotel performance and gross operating profit of the Group's hotels.

The Group's hotel portfolio currently comprises seven hotels with 2,547 rooms.

<b>Hotel portfolio</b>	<b>Number of rooms</b>
pentahotel Beijing (北京貝爾特酒店) (formerly known as Courtyard by Marriot Beijing)	299
New World Shanghai Hotel (上海巴黎春天新世界酒店)	605
pentahotel Shanghai (上海貝爾特酒店)	259
New World Shenyang Hotel (瀋陽新世界酒店)	258
New World Dalian Hotel (大連新世界酒店)	429
New World Wuhan Hotel (武漢新世界酒店)	327
New World Shunde Hotel (順德新世界酒店)	370
<b>Total</b>	<b>2,547</b>

## Hotel management services

During the year under review, the AOP from hotel management services recorded at a loss of HK\$63.88 million as opposed to a profit of HK\$6.63 million achieved in FY2010. The continuous growth in gross hotel management fee had mitigated the effect of increase in operating costs. However, the AOP from hotel management services posted a larger loss comparing to last year was mainly due to fee for buyout of hotel management contracts incurred during the year.

## OUTLOOK

With the global swamp of liquidity and the speculation of Renminbi appreciation, the pressure of domestic inflation had been intensified. In order to avoid imbalance of economy, The People's Bank of China has already raised the capital adequacy ratio and interest rate repeatedly. The gradual absorption of extra liquidity is targeted to ensure the steady growth of economy. A number of austerity measures on the property market had been rolled out by the Central Government since April 2010 for curbing property speculation and thus stabilizing property prices and market development.

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 allows a reasonable advancement of residential property prices 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.

In FY2012, the Group plans to complete 11 projects with a total GFA of 1,398,667 sq. m..

<b>Properties to be completed in FY2012</b>	<b>Usage</b>	<b>Total GFA (sq. m.)</b>	<b>NWCL's interest</b>
Wuhan Guanggu New World Centre Phase I (武漢光谷新世界中心一期)	R, C, P	312,850	100%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C, P	54,032	60%
Wuhan Menghu Garden Phase III (武漢夢湖香郡三期)	R	25,900	100%
Changsha La Ville New World Phase II B (長沙新城新世界二期 B)	R, P	121,563	48%
Chengdu New World Riverside Phase I (成都河畔新世界一期)	R	142,895	30%
Zhaoqing New World Garden Phase III (肇慶新世界花園三期)	R, C, P	92,271	100%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, C, P	428,658	50%
Guangzhou Central Park-view Phase II (廣州凱旋新世界二期)	R, C, P	125,664	91%
Guangzhou Park Paradise Phase II E (廣州嶺南新世界二期 E)	R, C, P	50,483	100%
Guangzhou Park Paradise Phase IV (廣州嶺南新世界四期)	R, P	26,820	100%
Huiyang Palm Island Resort Phase VI (惠陽棕櫚島六期)	R	17,531	59%
<b>Total</b>		<b>1,398,667</b>	

## LIQUIDITY AND CAPITAL RESOURCES

As at 30th June 2011, the Group's cash and bank deposits amounted to HK\$10,651 million (30th June 2010: HK\$7,976 million).

The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK\$10,253 million (30th June 2010: HK\$10,435 million), translating into a gearing ratio of 23% (30th June 2010: 26%). 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 2011 totalled HK\$19,110 million (30th June 2010: HK\$16,672 million) of which 22% were secured by way of charges over assets and 78% 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:

	As at 30th June 2011 HK\$'million	As at 30th June 2010 HK\$'million
Repayable:		
Within one year	6,753	2,335
Between one and two years	4,110	7,430
Between two and five years	6,086	4,927
Over five years	2,161	1,980
<b>Total</b>	<b>19,110</b>	<b>16,672</b>

As at 30th June 2011, the Group's committed unutilised bank loan facilities amounted to HK\$5,821 million (30th June 2010: HK\$4,548 million).

### Capital expenditure commitments

The capital expenditure commitments of the Group as at 30th June 2011 were HK\$2,271,422,000 (30th June 2010: HK\$475,064,000) of which HK\$2,163,422,000 (30th June 2010: HK\$367,064,000) were contracted but not provided for in the financial statements and HK\$108,000,000 (30th June 2010: HK\$108,000,000) were authorised but not contracted for. The Group's share of capital expenditure commitments of jointly controlled entities amounted to HK\$229,597,000 (30th June 2010: HK\$12,843,000). The sources of funding for capital commitments are internally generated resources and bank loan facilities.

## **Foreign currency exposure**

The Group conducts its business mainly in Renminbi. Other than certain bank balances and borrowings denominated in Hong Kong dollar and United States dollar, the Group does not have any material direct exposure to foreign exchange fluctuations. During the 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 2011, the Group has contingent liabilities of approximately HK\$2,254,955,000 (30th June 2010: HK\$2,340,179,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain jointly controlled entities.

As at 30th June 2011, 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\$1,714,890,000 (30th June 2010: HK\$1,654,666,000).

## **DETAILS OF CHARGES ON GROUP'S ASSETS**

As at 30th June 2011, the Group's property, plant and equipment, investment properties, land use rights, properties held for development, properties under development and bank deposits of HK\$461,162,000 (30th June 2010: HK\$461,243,000), HK\$4,527,171,000 (30th June 2010: HK\$3,475,598,000), HK\$239,538,000 (30th June 2010: HK\$231,909,000), HK\$1,067,140,000 (30th June 2010: HK\$732,443,000), HK\$2,395,669,000 (30th June 2010: HK\$4,217,853,000) and HK\$10,355,000 (30th June 2010: HK\$10,471,000) respectively have been pledged as securities for short term and long term bank borrowings.

## **MAJOR ACQUISITION OR DISPOSAL**

During the year under review, there was no major acquisition or disposal undertaken by the Group.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30th June 2011, the Group has 5,771 full-time employees. Total staff related costs incurred during the year under review were HK\$369.06 million (2010: HK\$289.25 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.



## **EVENT AFTER THE REPORTING PERIOD**

The Group acquired 100% interests in Rosewood Hotels and Resorts, L.L.C. (“Rosewood”) and the intellectual property rights of “Carlyle”, a hotel brand, for a consideration of approximately US\$235 million (equivalent to HK\$1,833.2 million) and US\$28 million (equivalent to HK\$218.4 million) respectively. The acquisition was completed on 29th July 2011 and Rosewood became a wholly owned subsidiary of the Group.

## **AUDIT COMMITTEE**

Audit committee was established in accordance with requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The audit committee consists of three independent non-executive directors of the Company. The audit committee has reviewed the audited financial statements for the year ended 30th June 2011 and discussed the financial related matters with management and external auditor.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the Code of Corporate Governance Practices contained in Appendix 14 to the Listing Rules during the year ended 30th June 2011, except for the following deviation:

### **Code provision A.2.1**

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

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

On 6th July 2010, New World China Land Finance Limited, an indirect wholly-owned subsidiary of the Company, purchased a total of 180 units of the USD settled zero coupon guaranteed convertible bonds due in 2012 (“Bonds”) (stock code : 01517) issued by itself with face value of RMB100,000 each for an aggregate consideration of USD2,628,706.30 (before expenses) off market. The purchase was completed on 16th July 2010 and the face value of the Bonds was reduced to RMB313,200,000.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year.

## **DIVIDEND**

The Directors have resolved to recommend the payment of a final dividend of HK\$0.04 per share in respect of the year ended 30th June 2011. The proposed final dividend, if approved at the forthcoming Annual General Meeting, will be paid on or about Wednesday, 28th December 2011 to the shareholders on the Register of Members as at Monday, 28th November 2011.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the Annual General Meeting to be held on 22nd November 2011, the Register of Members will be closed from Friday, 18th November 2011 to Tuesday, 22nd November 2011 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify to attend and vote at the Annual General Meeting, 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 Thursday, 17th November 2011.

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the Annual General Meeting. For determining the entitlement to the proposed final dividend, the Register of Members will be closed for one day on Monday, 28th November 2011, during which period no transfer of shares will be effected. To qualify for 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, 25th November 2011.

**Dr. Cheng Kar-shun, Henry**

*Chairman and Managing Director*

Hong Kong, 29th September 2011

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

The announcement is published on the websites of the Company ([www.nwcl.com.hk](http://www.nwcl.com.hk)) and The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).