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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 2009/2010

### 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 2010:

#### Consolidated Income Statement For the year ended 30th June 2010

	Note	2010 HK\$'000	2009 HK\$'000
Revenues	2	<b>6,340,752</b>	2,038,623
Cost of sales		<b>(4,808,486)</b>	(1,336,861)
Gross profit		<b>1,532,266</b>	701,762
Other income	3	<b>649,036</b>	534,386
Other gains, net	4	<b>1,868,823</b>	1,007,542
Changes in fair value of investment properties		<b>169,262</b>	135,182
Selling expenses		<b>(216,419)</b>	(135,560)
Administrative expenses		<b>(100,199)</b>	(90,065)
Other operating expenses		<b>(831,849)</b>	(670,196)
Operating profit before finance costs	5	<b>3,070,920</b>	1,483,051
Finance costs		<b>(280,244)</b>	(274,796)
Share of results of			
Associated companies		<b>15,860</b>	171,783
Jointly controlled entities		<b>463,814</b>	93,547
Profit before taxation		<b>3,270,350</b>	1,473,585
Taxation charge	6	<b>(629,183)</b>	(179,362)
Profit for the year		<b>2,641,167</b>	1,294,223
Attributable to:			
Equity holders of the Company		<b>2,636,427</b>	1,359,369
Non-controlling interests		<b>4,740</b>	(65,146)
		<b>2,641,167</b>	1,294,223
Dividend	7	<b>403,037</b>	230,230
Dividend per share	7		
Final dividend		<b>7.00 cents</b>	6.00 cents
Earnings per share	8		
Basic		<b>50.75 cents</b>	31.67 cents
Diluted		<b>48.22 cents</b>	29.94 cents

**Consolidated Statement of Comprehensive Income**  
**For the year ended 30th June 2010**

	2010 HK\$'000	2009 HK\$'000
Profit for the year	<b>2,641,167</b>	1,294,223
Other comprehensive income:		
Changes in fair value of available-for-sale financial assets	<b>4,086</b>	57,136
Deferred tax on change in fair value of available-for-sale financial assets	–	(1,358)
Disposal of available-for-sale financial assets	–	(19,992)
Release of deferred tax on change in fair value of available-for-sale financial assets upon disposal	–	6,060
Translation differences	<b>(8,207)</b>	36,778
Realisation of translation differences upon disposal of subsidiaries	–	(233,455)
Other comprehensive income for the year, net of tax	<b>(4,121)</b>	(154,831)
<b>Total comprehensive income for the year</b>	<b>2,637,046</b>	1,139,392
Total comprehensive income attributable to:		
Equity holders of the Company	<b>2,634,575</b>	1,207,653
Non-controlling interests	<b>2,471</b>	(68,261)
	<b>2,637,046</b>	1,139,392

**Consolidated Statement of Financial Position**  
**As at 30th June 2010**

	Note	2010 HK\$'000	2009 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,641,140	1,784,002
Investment properties		12,409,018	9,131,467
Land use rights		604,530	583,892
Goodwill		23,394	82,766
Properties held for development		10,610,021	7,344,944
Associated companies		400,705	383,246
Jointly controlled entities		9,905,121	13,284,317
Available-for-sale financial assets		221,996	217,910
Cash and bank balances, restricted		9,091	26,136
		<b>35,825,016</b>	<b>32,838,680</b>
<b>Current assets</b>			
Properties under development		12,198,336	7,341,319
Completed properties held for sale		1,831,516	2,293,663
Hotel inventories, at cost		2,960	3,494
Prepayments, debtors and other receivables	9	10,667,110	7,020,922
Amounts due from related companies		491,645	33,638
Cash and bank balances, restricted		1,380	232,358
Cash and bank balances, unrestricted		7,965,386	3,642,416
		<b>33,158,333</b>	<b>20,567,810</b>
Non-current assets held for sale		-	985,159
		<b>33,158,333</b>	<b>21,552,969</b>
<b>Total assets</b>		<b>68,983,349</b>	<b>54,391,649</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		575,725	383,647
Reserves		36,711,315	29,909,271
Proposed final dividend		403,037	230,230
		<b>37,690,077</b>	<b>30,523,148</b>
<b>Non-controlling interests</b>		<b>1,714,322</b>	<b>1,513,734</b>
<b>Total equity</b>		<b>39,404,399</b>	<b>32,036,882</b>

## Consolidated Statement of Financial Position (Continued)

As at 30th June 2010

	Note	2010 HK\$'000	2009 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term borrowings		16,076,473	11,117,308
Deferred tax liabilities		2,266,299	799,773
		<b>18,342,772</b>	<b>11,917,081</b>
<b>Current liabilities</b>			
Creditors and accruals	10	2,335,104	2,083,901
Deposits received on sale of properties		4,629,965	1,363,484
Amounts due to related companies		934,969	425,211
Short term loans		354,773	562,500
Current portion of long term borrowings		1,979,853	5,408,206
Amounts due to non-controlling interests		99,626	99,626
Taxes payable		901,888	494,758
		<b>11,236,178</b>	<b>10,437,686</b>
<b>Total liabilities</b>		<b>29,578,950</b>	<b>22,354,767</b>
<b>Total equity and liabilities</b>		<b>68,983,349</b>	<b>54,391,649</b>
<b>Net current assets</b>		<b>21,922,155</b>	<b>11,115,283</b>
<b>Total assets less current liabilities</b>		<b>57,747,171</b>	<b>43,953,963</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 are 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) Change in accounting policy

In the current year, the Group changed its accounting policy of land use rights included in properties held for/under development and completed properties held for sale. These land use rights meet the definition of both inventories under HKAS 2 “Inventories” and leasehold land under HKAS 17 “Leases”. Previously, these land use rights were classified as prepaid operating leases which were amortised on a straight-line basis over the period of the lease in accordance with HKAS 17. Such amortisation was capitalised as part of the cost of properties under development during the course of development. With the change of the accounting policy, these land use rights are classified as inventories in accordance with HKAS 2 and are measured at the lower of cost and net realisable value.

Management believes that the classification of land use rights as inventories can result in a more relevant presentation of the financial position of the Group, and of its performance for the year. The revised treatment reflects management’s intent regarding the use of the land use rights and results in a presentation consistent with industry practice.

The change in accounting policy has no material impact on the retained profits as at 1st July 2008 and 30th June 2009, and the profit for the current and prior years.

(b) The adoption of new or revised HKFRS

For the year ended 30th June 2009, the Group has early adopted HKFRS 3 (Revised) “Business Combinations” and HKAS 27 (Revised) “Consolidated and Separate Financial Statements” which were prospectively applicable for the accounting periods beginning on or after 1st July 2009.

In the current year, the Group has adopted the following new or revised standards, amendments to standards and interpretations which are mandatory for the financial year ended 30th June 2010:

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

In addition, 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.

The effects of the adoption and early adoption of these new or revised standards, amendments and interpretations are detailed below:

**HKAS 1 (Revised) - Presentation of Financial Statements:** The standard requires all non-owner changes in equity (i.e. comprehensive income) to be presented in a single statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). The Group has chosen to adopt the two statements approach and a new consolidated statement of comprehensive income is included after the consolidated income statement in the financial statements for the year ended 30th June 2010.

**HKFRS 7 Amendments – Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments:** These amendments enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendments require disclosure of fair value measurement hierarchy. The Group has included the relevant information in the consolidated financial statements.

HKFRS 8 - Operating Segments: HKFRS 8 replaces HKAS 14 - Segment Reporting. The new standard uses a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of HKFRS 8 does not have any significant changes to the Group's reportable segments.

HKAS 40 Amendments - Investment property: The Group adopted these amendments with prospective application from 1st July 2009. Properties being constructed or developed for future use as investment properties are brought within the scope of HKAS 40 and are reclassified from properties under development at 1st July 2009 at their carrying amounts and are measured at fair value.

HKAS 32 Amendment - Financial Instruments: Presentation – Classification of Rights Issues: The offer of rights issue of the Company which is denominated in currency other than the functional currency of the Company is no longer accounted for as a derivative liability but is classified as equity of the Company. As a result, there is no longer any change in fair value of the derivatives to be recognised in the consolidated income statement.

The effects of the changes following the adoption and early adoption of the relevant new or revised accounting standards on the consolidated income statement for year ended 30th June 2010 are as follows:

	HKAS 40 Amendments HK\$'000	HKAS 32 Amendment HK\$'000	Total HK\$'000
Increase/(decrease) in profit for the year			
Changes in fair value of derivative liabilities	-	(287,788)	(287,788)
Changes in fair value of investment properties	(19,605)	-	(19,605)
Share of results of jointly controlled entities	23,166	-	23,166
Profit before taxation	3,561	(287,788)	(284,227)
Taxation charge			
Deferred taxation	4,901	-	4,901
Profit for the year	8,462	(287,788)	(279,326)
Attributable to:			
Equity holders of the Company	947	(287,788)	(286,841)
Non-controlling interests	7,515	-	7,515
	8,462	(287,788)	(279,326)
Increase/(decrease) in Earnings per share (HK cents)			
Basic	0.02	(5.54)	(5.52)
Diluted	0.02	(5.19)	(5.17)

The effects of the changes following the adoption and early adoption of the relevant new or revised accounting standards on the consolidated statement of financial position as at 30th June 2010 are as follows:

	HKAS 40 Amendments HK\$'000	HKAS 32 Amendment HK\$'000	Total HK\$'000
Increase/(decrease) in			
Investment properties	1,318,062	–	1,318,062
Properties under development	(1,337,667)	–	(1,337,667)
Jointly controlled entities	23,166	–	23,166
<b>Total assets</b>	<b>3,561</b>	<b>–</b>	<b>3,561</b>
Reserves	947	–	947
Non-controlling interests	7,515	–	7,515
<b>Total equity</b>	<b>8,462</b>	<b>–</b>	<b>8,462</b>
Deferred tax liabilities	(4,901)	–	(4,901)
<b>Total equity and liabilities</b>	<b>3,561</b>	<b>–</b>	<b>3,561</b>

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

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

The following new or revised standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1st January 2010 or later periods but which the Groups has not early adopted:

Effective for the year ending 30th June 2011

HKFRS 1 Amendment	Additional Exemption 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
HKFRSs Amendments	Improvements to HKFRSs 2009

Effective for the year ending 30th June 2012 or after

HKFRS 9	Financial Instruments
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 14 Amendment	Prepayments of Minimum Funding Requirement
HKFRSs Amendments	Improvements to HKFRSs 2010

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

	2010	2009
	HK\$'000	HK\$'000
Sale of properties	5,406,162	1,324,113
Rental income	453,674	393,331
Income from hotel operation	339,745	231,946
Property management services fee income	104,499	69,043
Project management fee income	19,943	20,190
Hotel management services fee income	16,729	-
	<b>6,340,752</b>	<b>2,038,623</b>

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 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, completed properties held for sale and non-current assets 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 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 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 instrument are mainly located in the PRC.

<b>Year ended 30th June 2010</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	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>
Segment bank and other interest income							
	100,727	8,728	210	105	6	15	109,791
Attributable operating profit before finance costs and taxation charge							
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>
Additions to non-current assets other than financial instruments							
	1,747,319	1,855,060	21,717	888	223	587	3,625,794
Depreciation and amortisation							
	37,832	28,426	151,290	941	1,057	1,962	221,508
Share of results of 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							<u>2,427,397</u>
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							<u>2,266,299</u>
Total liabilities							<u>29,578,950</u>

Year ended 30th June 2009	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	1,344,303	394,581	231,946	90,052	–	–	2,060,882
Inter-segment revenues							
	–	(1,250)	–	(21,009)	–	–	(22,259)
External revenues	1,344,303	393,331	231,946	69,043	–	–	2,038,623
Associated companies - attributable to the Group							
	7,690	126,585	2,598	17,295	–	–	154,168
Jointly controlled entities - attributable to the Group							
	2,018,914	356,696	94,930	23,495	–	–	2,494,035
	3,370,907	876,612	329,474	109,833	–	–	4,686,826
<b>Segment bank and other interest income</b>							
	70,605	22,803	2,447	239	–	6	96,100
<b>Attributable operating profit before finance costs and taxation charge</b>							
Company and subsidiaries							
	503,059	165,899	(67,518)	(8,354)	(21,016)	(615)	571,455
Associated companies							
	(185)	9,441	(176)	(108)	–	–	8,972
Jointly controlled entities							
	89,451	312,692	(54,798)	(2,583)	–	3,628	348,390
	592,325	488,032	(122,492)	(11,045)	(21,016)	3,013	928,817
<b>Additions to non-current assets other than financial instruments</b>							
	29,847	1,380,658	95,726	1,208	3,934	1,765	1,513,138
<b>Depreciation and amortisation</b>							
	38,384	38,585	108,937	869	1,033	1,939	189,747
<b>Share of results of</b>							
Associated companies							
	(1,868)	173,825	(174)	–	–	–	171,783
Jointly controlled entities							
	(82,695)	236,812	(60,673)	(3,525)	–	3,628	93,547

As at 30th June 2009	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	26,683,894	10,926,245	2,087,085	72,531	7,628	6,921	39,784,304
Associated companies and jointly controlled entities	6,783,168	6,212,947	679,347	(7,706)	412	(605)	13,667,563
Available-for-sale financial assets							217,910
Property, plant and equipment at corporate office							5,925
Prepayments, debtors and other receivables at corporate office							355,559
Amounts due from related companies at corporate office							8,942
Cash and bank balances at corporate office							351,446
Total assets							<u>54,391,649</u>
Segment liabilities	3,484,342	425,538	108,514	26,782	4,078	2,829	4,052,083
Creditors and accruals at corporate office							132,216
Taxes payable							282,681
Borrowings							17,088,014
Deferred tax liabilities							799,773
Total liabilities							<u>22,354,767</u>

## Reconciliations of revenues and profit before taxation:

	2010 HK\$'000	2009 HK\$'000
<b>(i) Revenues</b>		
Total segment revenues	9,272,986	4,686,826
Less:		
Revenues of associated companies and jointly controlled entities, attributable to the Group	(2,932,234)	(2,648,203)
Revenues as presented in consolidated income statement	6,340,752	2,038,623
<b>(ii) Profit before taxation</b>		
Attributable operating profit before finance costs and taxation charge	1,812,091	928,817
Gain on remeasuring the fair value of previously held interests of jointly controlled entities and associated companies upon further acquisition as subsidiaries	1,332,086	88,876
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	732,125	50,940
Changes in fair value of investment properties, net of deferred taxation	57,737	257,659
Write back of provision for/(provision for) properties held for/under development	54,000	(54,841)
Gain on disposal of subsidiaries	–	489,800
Gain on retained non-controlling interests	–	319,073
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
Provision for amount due by a jointly controlled entity	(12,000)	(36,500)
Loss on disposal of non-current assets held for sale	(15,364)	–
Impairment of goodwill	(59,372)	(85,639)
(Loss)/gain on redemption/repurchase of convertible bonds	(162,227)	67,366
Finance costs – project loans	(183,191)	(210,734)
Corporate income tax and land appreciation tax, net of tax indemnity	(511,913)	(219,009)
Attributable operating profit	3,043,972	1,644,464
Bank and other interest income - corporate	5,944	7,565
Net foreign exchange (losses)/gains	(1,846)	38,744
Deferred tax on undistributed profits	(89,052)	(1,474)
Finance costs – corporate loans	(139,992)	(125,660)
Corporate administrative expenses	(182,599)	(204,270)
Profit attributable to equity holders of the Company	2,636,427	1,359,369
Taxation charge	629,183	179,362
Profit/(loss) attributable to non-controlling interests	4,740	(65,146)
Profit before taxation	3,270,350	1,473,585

### 3 Other income

	2010	2009
	HK\$'000	HK\$'000
Tax indemnity from the ultimate holding company	<b>339,469</b>	6,224
Bank and other interest income	<b>130,273</b>	58,605
Interest income from jointly controlled entities, net of withholding tax (note)	<b>119,184</b>	431,667
Income from early termination of a hotel management contract	<b>30,000</b>	–
Trademark fee income from jointly controlled entities	<b>15,903</b>	29,051
Dividend income from available-for-sale financial assets	<b>14,207</b>	8,839
	<b>649,036</b>	534,386

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:

	2010	2009
	HK\$'000	HK\$'000
Share of shareholders' loan interest expenses of jointly controlled entities	<b>(97,178)</b>	(379,027)

#### 4 Other gains, net

	2010	2009
	HK\$'000	HK\$'000
Gain on remeasuring the fair value of previously held interests of jointly controlled entities and associated companies upon further acquisition as subsidiaries	<b>1,332,086</b>	88,876
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	<b>732,125</b>	50,940
Write back of provision for/(provision for) properties held for/under development	<b>54,000</b>	(16,926)
Gain on disposal of investment properties	<b>946</b>	375
Gain on disposal of subsidiaries	–	489,800
Gain on retained non-controlling interests	–	319,073
Write back of provision for amount due by a jointly controlled entity	–	61,468
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 (losses)/gains	<b>(1,371)</b>	20,053
Provision for amount due by a jointly controlled entity	<b>(12,000)</b>	(36,500)
Loss on disposal of non-current assets held for sale	<b>(15,364)</b>	–
Impairment of goodwill	<b>(59,372)</b>	(85,639)
(Loss)/gain on redemption/repurchase of convertible bonds	<b>(162,227)</b>	67,366
	<b>1,868,823</b>	1,007,542

#### 5 Operating profit before finance costs

	2010	2009
	HK\$'000	HK\$'000
Operating profit before finance costs is arrived at after charging:		
Cost of properties sold	<b>4,281,803</b>	921,588
Depreciation of property, plant and equipment	<b>204,800</b>	177,110
Amortisation of land use rights	<b>16,708</b>	15,592



## 6 Taxation charge

	2010	2009
	HK\$'000	HK\$'000
Current taxation		
PRC corporate income tax	214,981	64,468
PRC land appreciation tax	279,262	70,768
Deferred taxation	134,940	44,126
	<b>629,183</b>	<b>179,362</b>

Share of taxation of associated companies and jointly controlled entities for the year ended 30th June 2010 of HK\$1,292,000 (2009: HK\$28,410,000) and HK\$448,767,000 (2009: HK\$64,782,000) 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 (2009: 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% (2009: 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 Dividend

	2010	2009
	HK\$'000	HK\$'000
Final dividend proposed of HK\$0.07 (2009: paid of HK\$0.06) per share	403,037	230,230

At a meeting held on 6th October 2010, the directors recommended a final dividend of HK\$0.07 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 2011.

## 8 Earnings per share

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

	2010 HK\$'000	2009 HK\$'000
Profit attributable to equity holders of the Company	2,636,427	1,359,369
Interest expense on convertible bonds	39,348	40,808
Profit used to determine diluted earnings per share	2,675,775	1,400,177

	Number of shares	
	2010	2009
Weighted average number of shares for calculating basic earnings per share	5,194,521,293	4,292,758,416
Effect of dilutive potential shares:		
Share options	9,303,870	4,187,913
Convertible bonds	345,752,134	379,376,433
Weighted average number of shares for calculating diluted earnings per share	5,549,577,297	4,676,322,762

The earnings per share for the year ended 30th June 2009 have been adjusted to reflect the effect of rights issue during the year.

## 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:

	2010 HK\$'000	2009 HK\$'000
0 to 30 days	160,226	186,858
31 to 60 days	37,273	31,091
61 to 90 days	11,752	10,904
Over 90 days	112,899	147,131
	322,150	375,984

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:

	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
0 to 30 days	<b>1,100,573</b>	632,549
31 to 60 days	<b>37,072</b>	64,689
61 to 90 days	<b>31,845</b>	9,835
Over 90 days	<b>432,066</b>	372,959
	<b>1,601,556</b>	1,080,032

## BUSINESS REVIEW

During the year under review, the China property market continued to recover since the second quarter of 2009, benefited from the policy-led surge in liquidity to maintain China economic growth. Riding on the continuing revival of property market, the Group's contracted sales secured during the year was boosted to 1,316,592 sq.m. gross floor area ("GFA") with gross sales proceeds of RMB10.2 billion, representing a year-on-year increase in volume of 141% and over 164% surge in sales proceeds compared to the contracted sales secured in the corresponding period last year when the property market was severely dampened by the 2008 global economic downturn. Of the contracted sales secured during the year, approximately 491,000 sq.m. with gross sales proceeds of approximately RMB3.9 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 FY2011.

During FY2010, the Group recorded a net profit of HK\$2.6 billion, a year-on-year increase of 94% from net profit of HK\$1.4 billion achieved in FY2009. The Group's core attributable operating profit ("AOP") from core business operations recorded a substantial increase of 95% to HK\$1.8 billion against AOP of HK\$0.9 billion recorded last year. The significant increase in AOP was mainly attributable to a substantial boost in recorded sale of property and improvement in hotel operating results.

During the year under review, the Group recorded a substantial increase in property sales volume by 120% to 1,039,224 sq.m. as compared to the corresponding period last year. The Group's strategic move to invest in mid-western China has seen positive contribution to the Group's overall property sales performance where approximately 36% of the recorded sales came from these second-tier cities where the property prices are reasonably affordable to the mass population of those cities. With the completion of property projects in eight cities during the year, a more balance sales distribution covering first and second-tier cities was recorded compared to the corresponding period last year.

It has been the Group's strategic plan to buy out the remaining interests in projects being held by minority shareholders and joint venture partners for enhancing project planning, increasing project management efficiency and control. In line with this strategic direction, the Group has undergone various buyout exercise in which the Group has during the year completed the acquisition of additional interests in five property development projects, namely Shanghai Zhongshan Square, Guangzhou Park Paradise, Guangzhou Covent Garden, Tianjin Nanshi Lot#202 and Tianjin Xin Chun Garden which were held by Shanghai Trio Property Development Co., Ltd., Guangzhou Jixian Zhuang New World City Garden Development Limited, Guangzhou Fong Chuen–New World Property Development Co., Ltd., Tianjin New World Properties Development Co., Ltd. and Tianjin New World Housing Development Limited respectively. As required by the accounting standard of business combinations, these acquisitions were remeasured at their fair value upon the Group's acquisition, giving rise to an aggregate net gain on previously held interests of HK\$1.3 billion and negative goodwill on acquisition of HK\$0.7 billion. These favourable gains in effect untapped the Group's intrinsic value and reflected true value of its high potential land reserve.

## Analysis of Attributable operating profit (“AOP”)

	FY 2010 HK\$'000	FY 2009 HK\$'000
Property sales operation	1,450,077	592,325
Rental operation	489,623	488,032
Hotel operation	(97,728)	(122,492)
Property management services	(37,214)	(11,045)
Hotel management services	6,627	(21,016)
Other operations	706	3,013
AOP before finance costs and taxation charge	1,812,091	928,817
Gain on remeasuring the fair value of previously held interests of jointly controlled entities and associated companies upon further acquisition as subsidiaries	1,332,086	88,876
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	732,125	50,940
Changes in fair value of investment properties, net of deferred taxation	57,737	257,659
Write back of provision for/(provision for) properties held for/under development	54,000	(54,841)
Gain on disposal of subsidiaries	–	489,800
Gain on retained non-controlling interests	–	319,073
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
Provision for amount due by a jointly controlled entity	(12,000)	(36,500)
Loss on disposal of non-current assets held for sale	(15,364)	–
Impairment of goodwill	(59,372)	(85,639)
(Loss)/gain on redemption/repurchase of convertible bonds	(162,227)	67,366
Finance costs – project loans	(183,191)	(210,734)
Corporate income tax and land appreciation tax, net of tax indemnity	(511,913)	(219,009)
AOP	3,043,972	1,644,464
Bank and other interest income - corporate	5,944	7,565
Net foreign exchange (losses)/gains	(1,846)	38,744
Deferred tax on undistributed profits	(89,052)	(1,474)
Finance costs – corporate loans	(139,992)	(125,660)
Corporate administrative expenses	(182,599)	(204,270)
Profit attributable to equity holders of the Company	2,636,427	1,359,369

## Property sales

During the year under review, the Group's property sales operation achieved an AOP of HK\$1,450.1 million, an increase of 145% against FY2009. Benefited from the significant market rebound in the China property market since April 2009 as a result of the positive effects from series of economic stimulus measures implemented by the PRC government and the increase in completion and contracted sales, the Group's recorded property sales in terms of GFA surged over 120% to 1,039,224 sq.m., generating gross sales proceeds of over RMB8.0 billion. However, the AOP from property sales did not increase in the same magnitude as over one-third of projects completed and sold during the year under review were lower-priced residential units located in second-tier city such as Chengdu, Changsha and Guiyang compared to recorded sales of higher-end properties completed from Guangzhou region last year. The overall gross profit margin achieved during the year under review dropped by 6% comparing to FY2009. Apart from the differences in sales mix between the two years, the effect from recognising the fair value adjustment in costs of sales of certain projects which additional interests were recently acquired also attributable to the decrease in overall gross profit margin during the year.

In FY2010, the Group has completed 11 property development projects in Beijing, Wuhan, Changsha, Chengdu, Guangzhou, Guiyang, Huizhou and Shunde with a total GFA of 734,939 sq.m., representing a 7% increase year-on-year.

<b>Development property projects completed in FY2010</b>	<b>Usage</b>	<b>Total GFA (sq. m.)</b>	<b>NWCL's interest</b>
Beijing New View Garden Phase III (北京新景家園三期)	R, C	31,670	70%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C	45,680	60%
Wuhan Menghu Garden Phase III (武漢夢湖香郡三期)	R, C	37,535	100%
Changsha La Ville New World Phase I (長沙新城新世界一期)	R, C	68,555	48%
Chengdu New World Riverside Phase IA (成都河畔新世界一期 A)	R	91,729	30%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	R	55,144	100%
Guangzhou Park Paradise Phase II E (廣州嶺南新世界二期 E)	R	113,234	100%
Guangzhou Xintang New World Garden Phase IV (廣州新塘新世界花園四期)	R	51,456	63%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, P	128,423	50%
Huizhou Changhuyuan Phase II B (惠州長湖苑二期 B)	R, C	62,534	63%
Shunde New World Centre Phase III (順德新世界中心三期)	R	48,979	35%
<b>Total</b>		<b>734,939</b>	

*R: Residential*

*C: Commercial*

*O: Office*

*P: Carpark*

## **Rental operation**

In FY2010, the Group's rental operation recorded an AOP of HK\$489.6 million, a slight increase compared to FY2009. The continuing improvement in occupancy rates of various office premises during the year, particularly prominent for Wuhan New World Centre and Wuhan New World International Trade Tower lead to a marked increase in AOP from rental operation. The marked increase in AOP from office premises in Wuhan region had been diluted by the effect from the 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. The pre-matured operating results and high pre-operating expenses incurred for Dalian The Galleria, Wuhan K11 Gourmet Tower, Beijing Baoding Building which commenced business during the year under review had negative contribution to AOP from rental operation.

During the year under review, the Group's investment property portfolio has increased by 141,498 sq.m., mainly from the completion of retail space and car parks in Beijing, Wuhan, Changsha and Guangzhou.

<b>Investment properties completed in FY2010</b>	<b>Usage</b>	<b>Total GFA (sq. m.)</b>	<b>NWCL's interest</b>
Beijing Baoding Building (北京寶鼎大廈)	C	40,286	100%
Wuhan K11 Gourmet Tower (武漢 K11 新食藝)	C, P	20,875	100%
Changsha La Ville New World Phase I (長沙新城新世界一期)	P	24,844	48%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	P	2,739	100%
Guangzhou Park Paradise Phase II E (廣州嶺南新世界二期 E)	C, P	18,212	100%
Guangzhou Xintang New World Garden Phase IV (廣州新塘新世界花園四期)	C, P	29,488	63%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	C	2,902	50%
Huizhou Changhuyuan Phase II B (惠州長湖苑二期 B)	C	2,152	63%
<b>Total</b>		<b>141,498</b>	

## Hotel operation

During the year under review, the AOP from hotel operation recorded at a loss of HK\$97.7 million as opposed to a loss of HK\$122.5 million in the corresponding period last year. The significant 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>
Courtyard by Marriot Beijing (北京萬怡酒店)	299
New World Mayfair Hotel Shanghai (上海巴黎春天新世界酒店)	605
pentahotel Shanghai (上海貝爾特酒店)	259
New World Hotel Shenyang (瀋陽新世界酒店)	258
New World Hotel Dalian (大連新世界酒店)	429
New World Hotel Wuhan (武漢新世界酒店)	327
New World Hotel Shunde (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 profit of HK\$6.6 million as opposed to a loss of HK\$21.0 million in FY2009. The improved AOP in hotel management services was mainly due to an exceptional income derived from early termination of hotel management contract of L'Arc New World Hotel Macau.

## **OUTLOOK**

After years of development, China is no longer an isolated island in the ocean. China is now closely connected to other economies in the world. Tickling of any global economic fiber will ripple to the domestic system in China. Therefore, the Central Government has to carefully devise policies under the strong tides of ups and downs in the global market.

The world has gone through doldrums of US financial crisis, rebounds arising from wide spread liquidity, concerns of possible double-dip triggered by European credit crunch and US slowdown. Though China is still having satisfactory export figures, the market anticipates a slowdown of trading in the coming months. Consequently, some worry that too early a cooling down may trigger an unstoppable recession. Having said that, the recent signs of domestic property market rebound drag the central government into a difficult situation. Some suggest that the Central Government should immediately retract those previously imposed stimulus policies to avoid bubble formation.

In the short term, the market is full of uncertainties. The Group expects that the Central Government will continuously adjust the policies according to the domestic situation and the global economic development. In fact, to ensure a healthy development of the property market is one of the highlights of the Government. Overall, the Group is cautiously optimistic about Mainland China property market. We will continue our plan according to the good side of the market. At the same time, the Group also holds a prudent approach in managing its business to avoid those risks tripped quite a number of China developers in 2007 and 2008.

Assessing the domestic property market, on a comparable basis, the Group sees more potential in the second-tier and third-tier cities. The Group pioneered geographic diversification to enter cities such as Chengdu, Changsha and Guiyang, in several big moves back in FY2006. These new projects were first launch in 2009 and have commenced profit recognition since then. Though the average prices and margins of the first phase of these new projects are lower than those in first-tier cities, the Group expects them to become more and more promising in the subsequent phases.

The Group currently has a sizeable investment portfolio comprising of over 2 million square meters. In FY2010, this portfolio has produced an attributable operating profit of HK\$489.6 million. While our peers are still struggling to build up their rental portfolio, NWCL had already utilised these resources to weather the bad time in 2008.

In FY2011, the Group plans to complete 10 projects with a total GFA of 1,376,306 sq.m..

<b>Properties to be 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	490,455	90%
Anshan New World Garden Phase I A (鞍山新世界花園一期 A)	R, C	111,476	100%
Anshan New World Garden Phase II A (鞍山新世界花園二期 A)	R	24,969	100%
Shanghai Zhongshan Square (上海中山廣場)	C, O	112,030	100%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C	148,330	60%
Chengdu New World Riverside Phase I (成都河畔新世界一期)	R	141,547	30%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, C	141,179	50%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	R, C	57,991	100%
Guangzhou Park Paradise Phase II E (廣州嶺南新世界二期 E)	R	33,819	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R, C	86,191	100%
Guangzhou Xintang New World Garden Phase V (廣州新塘新世界花園五期)	R	28,319	63%
<b>Total</b>		<b>1,376,306</b>	

## LIQUIDITY AND CAPITAL RESOURCES

As at 30th June 2010, the Group's cash and bank deposits amounted to HK\$7,976 million (30th June 2009: HK\$3,901 million). The increase in cash and bank deposits was mainly due to strengthening of the Company's capital base. During the year, the Company issued 1,918,584,241 shares of HK\$0.10 each at HK\$2.55 per rights share by way of rights issue on the basis of one rights share for every existing two shares. The net proceeds will be used to refinance existing borrowings and debts, including the possible redemption or repurchase of outstanding convertible bonds. In June 2010, the Group redeemed a total principal amount of RMB2,218,800,000 of convertible bonds.

The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK\$10,435 million (30th June 2009: HK\$13,187 million), translating into a gearing ratio of 26% (30th June 2009: 41%). 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 2010 totalled HK\$16,672 million (30th June 2009: HK\$16,017 million) of which 20% were secured by way of charges over assets and 80% 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:

	2010 HK\$'million	2009 HK\$'million
Repayable:		
Within one year	2,335	5,971
Between one and two years	7,430	2,544
Between two and five years	4,927	7,502
Over five years	1,980	-
<b>Total</b>	<b>16,672</b>	<b>16,017</b>

As at 30th June 2010, the Group's committed unutilised bank loan facilities amounted to HK\$4,548 million (30th June 2009: HK\$2,127 million).

### Capital expenditure commitments

The capital expenditure commitments of the Group as at 30th June 2010 were HK\$475,064,000 (30th June 2009: HK\$724,864,000) of which HK\$367,064,000 (30th June 2009: HK\$616,864,000) were contracted but not provided for in the financial statements and HK\$108,000,000 (30th June 2009: HK\$108,000,000) were authorised but not contracted for. The Group's share of capital expenditure commitments of a jointly controlled entity amounted to HK\$12,843,000 (30th June 2009: Nil). 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 2010, the Group has contingent liabilities of approximately HK\$2,340,179,000 (30th June 2009: HK\$3,207,018,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain jointly controlled entities.

As at 30th June 2010, 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\$1,654,666,000 (30th June 2009: HK\$753,543,000).

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

As at 30th June 2010, the Group's property, plant and equipment, investment properties, land use rights, properties held for development, properties under development and bank deposits of HK\$461,243,000 (30th June 2009: HK\$479,887,000), HK\$3,475,598,000 (30th June 2009: HK\$2,531,381,000), HK\$231,909,000 (30th June 2009: HK\$240,529,000), HK\$732,443,000 (30th June 2009: HK\$511,013,000), HK\$4,217,853,000 (30th June 2009: HK\$1,810,659,000) and HK\$10,471,000 (30th June 2009: HK\$258,494,000) respectively have been pledged as securities for short term and long term bank borrowings.

## **MAJOR ACQUISITION OR DISPOSAL**

During the year under review, the Group acquired 40% interest in Guangzhou Jixian Zhuang New World City Garden Development Limited ("Jixian Zhuang") for a consideration of RMB 1 and 52.5% equity interest in Shanghai Trio Property Development Co., Ltd. ("Trio") for a consideration of approximately HK\$521 million. Jixian Zhuang is principally engaged in the development of Guangzhou Park Paradise, a residential development in Rongtai Cun, Baiyun District, Guangzhou, Guangdong Province, the PRC. The principal activity of Trio is the development of Shanghai Zhongshan Square located in Hongqiao Development Zone, Shanghai, the PRC. After the acquisitions, Jixian Zhuang and Trio became wholly-owned subsidiaries of the Group.

During the financial year ended 30th June 2010, the Group also completed its acquisition of 40% interest in Guangzhou Fong Chuen-New World Property Development Co., Ltd. (“Fong Chuen”) for an aggregate consideration of approximately HK\$529 million. Fong Chuen is principally engaged in the development of a residential property project known as Guangzhou Covent Garden located in Liwan Centre, Guangzhou, the PRC. Upon completion of this acquisition, Fong Chuen became a wholly-owned subsidiary of the Group.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30th June 2010, the Group has 4,998 full-time employees. Total staff related costs incurred during the year under review were HK\$289 million (2009: HK\$271 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**

On 4th October 2010, the Group entered into a framework agreement with Shenyang New World Department Store Ltd. (“NWDS”), a fellow subsidiary of the Group, pursuant to which the Group agreed to sell a commercial property to be developed (the “Property”) to NWDS at a consideration of RMB456,534,000 (equivalent to HK\$518,789,000), subject to adjustment for any changes in the floor area as stipulated in the agreement and the building ownership certificate at the unit price of RMB18,000 per square meter. The estimated buildable floor area of the Property shall be approximately 25,363 square meters.

The delivery of the Property is estimated to be occurred on or before 31st August 2012 and it is estimated that the Group will record a net gain of approximately RMB122.7 million (equivalent to HK\$139.4 million), being the differences between the consideration and the expected cost of the Property, including all relevant taxes.

## **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 2010 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 Listing Rules during the year ended 30th June 2010, 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, can 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 11th June 2010, New World China Land Finance Limited ("NWCLF"), an indirect wholly-owned subsidiary of the Company, redeemed a total of 22,188 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 USD332,322,988.80 (before expenses) due to the exercise of put options by bondholders in accordance with the terms and conditions of the Bonds.

The Bonds which were redeemed by NWCLF have been cancelled during the year. The face value of the Bonds which were outstanding as at 30th June 2010 was RMB331,200,000. 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. Subsequent to the reporting period, NWCLF purchased a total of 180 units of Bonds for an aggregate consideration of USD2,628,706.30 (before expenses) off market on 6th July 2010. The purchase was completed on 16th July 2010 and the face value of the Bonds was reduced to RMB313,200,000.

## **DIVIDEND**

The Directors have decided to recommend the payment of a final dividend of HK\$0.07 per share in respect of the year ended 30th June 2010. The proposed final dividend, if approved at the forthcoming Annual General Meeting, will be paid on or about Tuesday, 28th December 2010 to the shareholders on the Register of Members as at Wednesday, 24th November 2010.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from Monday, 22nd November 2010 to Wednesday, 24th November 2010 (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, 19th November 2010.

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

*Chairman and Managing Director*

Hong Kong, 6th October 2010

*As at the date of this announcement, the board of directors of the Company comprises: (1) eight 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. Chow Yu-chun, Alexander, Mr. Fong Shing-kwong, Michael and Ms. Ngan Man-ying, Lynda; (2) three non-executive directors, namely Mr. Doo Wai-hoi, William, Mr. Leung Chi-kin, Stewart and Mr. Chow Kwai-cheung; and (3) three independent non-executive directors, namely Mr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John.*