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

Annual Results Announcement 2011/2012

RESULTS

The board of directors (the "Board") of New World Development Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2012 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 30 June 2012

	Note	**2012** **HK$m**	2011 HK$m
Revenues	2	**35,620.1**	32,882.0
Cost of sales		**(19,925.7)**	(20,672.6)
Gross profit		**15,694.4**	12,209.4
Other income		**76.0**	82.8
Other gains, net		**1,924.5**	2,132.6
Selling and marketing expenses		**(935.0)**	(650.6)
Administrative and other operating expenses		**(5,547.6)**	(5,023.1)
Changes in fair value of investment properties		**4,902.7**	3,534.6
Operating profit	3	**16,115.0**	12,285.7
Financing income		**686.5**	423.5
Financing costs		**(1,200.0)**	(889.4)
		15,601.5	11,819.8
Share of results of			
Jointly controlled entities		**1,962.7**	2,654.0
Associated companies		**1,157.4**	1,104.0
Profit before taxation		**18,721.6**	15,577.8
Taxation	4	**(4,400.5)**	(2,833.8)
Profit for the year		**14,321.1**	12,744.0
Attributable to:			
Shareholders of the Company		**10,139.0**	9,153.9
Non-controlling interests		**4,182.1**	3,590.1
		14,321.1	12,744.0
Dividends		**2,333.0**	1,514.1
Earnings per share	5		(Adjusted)
Basic		**HK$1.88**	HK$2.10
Diluted		**HK$1.85**	HK$2.04

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2012

	2012 **HK$m**	2011 HK$m
Profit for the year	**14,321.1**	12,744.0
Other comprehensive income		
Fair value changes of available-for-sale financial assets	**(635.9)**	338.7
- deferred tax arising from fair value changes thereof	**1.0**	(59.2)
Revaluation of property upon reclassification from property, plant and equipment to investment properties	**12.8**	2,302.0
- deferred tax arising from revaluation thereof	**(3.2)**	(0.7)
Release of investment revaluation deficit to the income statement upon impairment of available-for-sale financial assets	**568.8**	149.1
Release of reserve upon disposal of assets held for sale	**(0.7)**	(29.7)
Release of reserve upon disposal of available-for-sale financial assets	**(246.0)**	(582.2)
- reversal of deferred tax thereof	**58.3**	73.2
Release of exchange reserve upon disposal of subsidiaries and associated companies	**(37.7)**	(10.6)
Share of other comprehensive income of jointly controlled entities and associated companies	**(1,095.5)**	2,803.7
Cash flow hedges	**(115.8)**	1.4
Translation differences	**493.5**	1,792.9
Other comprehensive income for the year	**(1,000.4)**	6,778.6
Total comprehensive income for the year	**13,320.7**	19,522.6
Attributable to:		
Shareholders of the Company	**9,070.8**	14,991.0
Non-controlling interests	**4,249.9**	4,531.6
	13,320.7	19,522.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	**30 June 2012 HK$m**	30 June 2011 HK$m
ASSETS			
Non-current assets			
Investment properties		**60,752.2**	53,265.0
Property, plant and equipment		**12,275.8**	10,373.1
Land use rights		**2,363.6**	2,407.1
Intangible concession rights		**16,622.5**	763.5
Intangible assets		**4,120.9**	1,754.7
Interests in jointly controlled entities		**40,776.1**	40,352.2
Interests in associated companies		**15,211.7**	10,533.6
Available-for-sale financial assets		**4,470.7**	6,229.5
Held-to-maturity investments		**38.5**	281.5
Financial assets at fair value through profit or loss		**1,009.1**	1,006.3
Derivative financial instruments		**-**	119.8
Properties for development		**20,929.7**	17,293.0
Deferred tax assets		**695.8**	697.8
Other non-current assets		**1,411.5**	808.3
		180,678.1	145,885.4
Current assets			
Properties under development		**44,760.1**	27,714.3
Properties held for sale		**12,766.2**	10,654.1
Inventories		**710.8**	540.8
Available-for-sale financial assets		**583.5**	-
Debtors and prepayments	6	**18,331.2**	16,955.2
Financial assets at fair value through profit or loss		**1.5**	1.4
Derivative financial instruments		**452.2**	-
Restricted bank balances		**123.7**	121.2
Cash and bank balances		**27,909.7**	23,971.6
		105,638.9	79,958.6
Non-current assets classified as assets held for sale	7	**54.7**	3,271.4
		105,693.6	83,230.0
Total assets		**286,371.7**	229,115.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	**30 June 2012 HK$m**	30 June 2011 HK$m
EQUITY			
Share capital		**6,151.1**	3,990.1
Reserves		**115,669.0**	98,673.1
Proposed final dividend		**1,722.8**	1,117.2
Shareholders' funds		**123,542.9**	103,780.4
Non-controlling interests		**34,497.8**	30,588.2
Total equity		**158,040.7**	134,368.6
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**67,845.8**	38,849.9
Deferred tax liabilities		**7,685.7**	4,624.8
Derivative financial instruments		**1,411.7**	756.8
Other non-current liabilities		**696.6**	650.7
		77,639.8	44,882.2
Current liabilities			
Creditors and accrued charges	8	**25,273.0**	23,756.0
Current portion of long-term borrowings		**12,391.8**	13,023.1
Short-term borrowings		**8,473.8**	8,735.7
Derivative financial instruments		**533.8**	-
Current tax payable		**4,018.8**	3,748.8
		50,691.2	49,263.6
Liabilities directly associated with assets held for sale	7	**-**	601.0
		50,691.2	49,864.6
Total liabilities		**128,331.0**	94,746.8
Total equity and liabilities		**286,371.7**	229,115.4
Net current assets		**55,002.4**	33,365.4
Total assets less current liabilities		**235,680.5**	179,250.8

Notes:

1. Basis of preparation

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

(a) Adoption of revised standard, amendments to standards and interpretation

The Group has adopted the following revised standard, amendments to standards and interpretation which are relevant to the Group's operations and are mandatory for the financial year ended 30 June 2012:

HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 14 Amendment	Prepayments of a Minimum Funding Requirement
HKFRSs Amendments	Improvements to HKFRSs 2010

The adoption of the above revised standard, amendments to standards and interpretation does not have any 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 interpretation are mandatory for accounting periods beginning on or after 1 July 2012 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2013

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income

Effective for the year ending 30 June 2014 or after

HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
Amendments to HKFRS 10, HKFRS 11 and HKFRS12	Consolidated Financial Statement, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Associates and Joint Ventures
HKAS 32 (Amendment)	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements Project	Annual Improvements 2009-2011 cycle

The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretation, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements. The Group is not yet in a position to ascertain their impact on its results of operations and financial position.

2. Revenues and segment information

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

	2012 **HK$m**	2011 HK$m
Revenues		
Property sales	**12,627.1**	16,117.0
Rental	**1,892.8**	1,589.3
Contracting	**2,791.3**	2,410.0
Provision of services	**8,282.0**	5,970.6
Infrastructure operations	**1,926.2**	277.7
Hotel operations	**3,559.5**	2,767.5
Department store operations	**3,517.3**	2,815.9
Telecommunication services	**754.3**	712.6
Others	**269.6**	221.4
Total	**35,620.1**	32,882.0

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

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

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

2. Revenues and segment information (Continued)

	Property development HK$m	Property investment HK$m	Service HK$m	Infra-structure HK$m	Hotel operations HK$m	Department stores HK$m	Telecom-munications HK$m	Others HK$m	Consolidated HK$m
2012									
Total revenues	12,627.1	2,094.5	14,396.0	1,926.2	3,559.5	3,517.3	809.0	303.2	39,232.8
Inter - segment	–	(201.7)	(3,322.7)	–	–	–	(54.7)	(33.6)	(3,612.7)
Revenue - external	12,627.1	1,892.8	11,073.3	1,926.2	3,559.5	3,517.3	754.3	269.6	35,620.1
Segment results	5,285.2	1,085.2	1,425.9	1,059.4	640.7	766.1	(4.2)	(136.8)	10,121.5
Other gains, net	90.8	42.2	1,597.9	144.5	559.5	16.6	(59.3)	(467.7)	1,924.5
Changes in fair value of investment properties	–	4,797.3	93.3	–	–	12.1	–	–	4,902.7
Unallocated corporate expenses									(833.7)
Operating profit									16,115.0
Financing income									686.5
Financing costs									(1,200.0)
									15,601.5
Share of results of									
Jointly controlled entities	(17.7)	511.3	40.5	1,204.5	(25.9)	–	–	250.0	1,962.7
Associated companies	6.5	420.4	440.8	79.8	(5.2)	–	181.7	33.4	1,157.4
Profit before taxation									18,721.6
Taxation									(4,400.5)
Profit for the year									14,321.1
Segment assets	89,336.9	57,199.9	12,705.1	17,035.2	9,555.2	8,481.5	619.9	6,268.8	201,202.5
Interests in jointly controlled entities	8,716.0	9,670.5	3,491.7	16,169.5	1,300.4	–	–	1,428.0	40,776.1
Interests in associated companies	449.8	3,020.4	7,825.2	1,413.1	108.4	–	2,266.0	128.8	15,211.7
Unallocated assets									29,181.4
Total assets									286,371.7
Segment liabilities	14,420.5	1,010.6	3,973.8	455.8	571.8	4,272.9	270.9	993.3	25,969.6
Unallocated liabilities									102,361.4
Total liabilities									128,331.0
Additions to non-current assets (Note a)	6,029.9	998.2	183.6	16,233.4	2,930.0	2,684.2	126.3	74.4	29,260.0
Depreciation and amortisation	55.3	23.6	131.4	557.0	410.8	359.6	48.5	18.0	1,604.2
Impairment charge and provision	20.2	–	264.7	51.8	–	–	60.0	260.0	656.7

2. Revenues and segment information (Continued)

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

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

2. Revenues and segment information (Continued)

	Revenues HK$m	Non-current assets (Note b) HK$m
2012		
Hong Kong	**16,879.3**	**54,097.9**
Mainland China	**18,318.5**	**62,682.4**
Macau and others	**422.3**	**284.4**
	35,620.1	**117,064.7**
2011		
Hong Kong	15,212.6	50,273.6
Mainland China	17,213.0	34,886.4
Macau and others	456.4	696.4
	32,882.0	85,856.4

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

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

3. Operating profit

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

	2012 HK$m	2011 HK$m
Other investment income	**76.0**	82.8
Gain on deemed disposal of interest in a subsidiary (Note 7)	**1,842.7**	-
Excess of fair value of net assets acquired over the cost of acquisition of interests of subsidiaries	**-**	86.1
Write back of provision for investments, loans and other receivables	**24.7**	275.2
Net profit on disposal of		
Available-for-sale financial assets	**246.4**	666.7
Assets held for sale	**99.8**	499.6
Subsidiaries	**148.2**	22.0
Gain on remeasuring previously held interest of a jointly controlled entity at fair value upon further acquisition to become a subsidiary	**204.8**	-
Gain on remeasuring previously held net assets of a jointly controlled operation at fair value upon acquiring control	-	437.2
Cost of inventories sold	**(9,572.8)**	(13,463.5)
Depreciation and amortisation	**(1,604.2)**	(1,018.3)
Impairment loss on		
Available-for-sale financial assets	**(568.8)**	(149.1)
Loans and other receivables	**(2.3)**	(43.7)
Properties held for sale, properties for development and property, plant and equipment	**(85.6)**	(438.0)
Net exchange gain	**282.0**	901.5

4. Taxation

	2012 **HK$m**	2011 HK$m
Current taxation		
Hong Kong profits tax	**628.9**	526.5
Mainland China and overseas taxation	**1,398.2**	1,198.1
Mainland China land appreciation tax	**1,788.6**	1,257.0
Deferred taxation		
Valuation of investment properties	**286.9**	264.6
Other temporary differences	**297.9**	(412.4)
	4,400.5	2,833.8

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the year.

Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profit for the year at the rates of taxation prevailing in the countries in which the Group, jointly controlled entities and associated companies operate. These rates range from 9% to 25% (2011: 9% to 25%).

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2011: 30% to 60%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

Share of results of jointly controlled entities and associated companies is stated after deducting the share of taxation of jointly controlled entities and associated companies of HK$735.3 million and HK$81.4 million (2011: HK$668.3 million and HK$173.2 million) respectively.

5. Earnings per share

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

	2012 **HK$m**	2011 HK$m
		(Adjusted)
Profit attributable to shareholders of the Company	**10,139.0**	9,153.9
Effect of dilutive potential ordinary shares in respect of convertible bonds issued by a subsidiary:		
Interest expense	**329.1**	310.3
Adjustment on the effect of dilution in the results of subsidiaries	**(18.3)**	(101.2)
Profit for calculating diluted earnings per share	**10,449.8**	9,363.0

	Number of shares (million) **2012**	2011
		(Adjusted)
Weighted average number of shares for calculating basic earnings per share	**5,387.3**	4,352.2
Effect of dilutive potential ordinary shares upon the conversion of convertible bonds	**250.2**	247.1
Weighted average number of shares for calculating diluted earnings per share	**5,637.5**	4,599.3

The earnings per share for the year ended 30 June 2011 have been adjusted to reflect the effect of rights issue of the Company and New World China Land Limited ("NWCL"), a subsidiary of the Group, during the year.

Diluted earnings per share for the years ended 30 June 2012 and 2011 did not assume the exercise of share options outstanding during the respective years since their exercise would have an anti-dilutive effect.

6. Trade debtors

Aging analysis of trade debtors is as follows:

	2012 HK$m	2011 HK$m
Current to 30 days	**1,873.0**	1,914.1
31 to 60 days	**341.4**	78.0
Over 60 days	**829.1**	591.2
	3,043.5	2,583.3

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

7. Non-current assets classified as assets held for sale/liabilities directly associated with assets held for sale

Non-current assets classified as assets held for sale

	2012 HK$m	2011 HK$m
Listed securities at market value		
Equity securities listed in Hong Kong	**7.8**	13.3
Equity securities listed in Mainland China	**46.9**	57.0
Unlisted equity securities	-	18.5
Property, plant and equipment and land use rights	-	7.1
Assets of Newton Resources reclassified as held for sale	-	3,175.5
	54.7	3,271.4

Liabilities directly associated with assets held for sale

	2012 HK$m	2011 HK$m
Liabilities of Newton Resources reclassified as held for sale	-	(601.0)

As at 30 June 2011, NWS Holdings Limited ("NWSH") had an effective interest of approximately 60% in Newton Resources Ltd ("Newton Resources"), a subsidiary of the Group, which were classified as assets held for sale/liabilities directly associated with assets held for sale as The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") had approved the separate listing of Newton Resources on the Main Board in May 2011. On 4 July 2011, the spin-off of Newton Resources had completed and dealings of Newton Resources' shares on the Main Board of the Hong Kong Stock Exchange commenced on the same day. Upon listing of Newton Resources, NWSH's effective interest in it has been diluted to 48%. Newton Resources therefore ceased to be a subsidiary and became an associated company of the Group. As a result, a gain of HK$1,842.7 million on the deemed disposal of interest was recorded in the consolidated income statement in FY2012.

8. Trade creditors

Aging analysis of trade creditors is as follows:

	2012 HK$m	2011 HK$m
Current to 30 days	**5,767.9**	6,808.6
31 to 60 days	**832.2**	644.0
Over 60 days	**1,169.8**	1,089.1
	7,769.9	8,541.7

9. Contingent liabilities

The Group's contingent liabilities as at 30 June 2012 amounted to HK$10,826.8 million (2011: HK$11,602.6 million).

DIVIDENDS

The Board has resolved to recommend to the shareholders of the Company at the annual general meeting of the Company to be held on Wednesday, 21 November 2012 ("2012 AGM") a final dividend of HK$0.28 per share (2011: HK$0.28 per share) comprising a cash dividend of HK$0.01 per share (which is being paid in order to ensure that the shares of the Company continue to qualify as Authorised Investments for the purpose of the Trustee Ordinance of Hong Kong) and a scrip dividend by way of an issue of new shares equivalent to HK$0.27 per share with a cash option to shareholders registered on 26 November 2012. Together with the interim dividend of HK$0.10 per share paid in May 2012, total distribution for 2012 would thus be HK$0.38 per share (2011: HK$0.38 per share).

Subject to the Listing Committee of the Stock Exchange granting listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholder could elect to receive in cash and that they be given the option to elect to receive payment in cash of HK$0.27 per share instead of the allotment of shares. Full details of the scrip dividend will be set out in a letter to be sent to shareholders together with a form of election for cash on or about 28 November 2012. It is expected that certificates for the scrip shares and dividend warrants will be posted to shareholders on or before 31 December 2012.

BOOK CLOSE DATES FOR 2012 AGM

Book close dates (both days inclusive)	:	14 November 2012 to 21 November 2012
Latest time to lodge transfers with Share Registrar	:	4:30 p.m. on Tuesday, 13 November 2012
Address of Share Registrar	:	Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong

RECORD DATE FOR PROPOSED FINAL DIVIDEND

Record date and latest time to lodge transfers with Share Registrar	:	4:30 p.m. on Monday, 26 November 2012
Address of Share Registrar	:	Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

BUSINESS REVIEW

In FY2012, the Group recorded a consolidated turnover of HK$35,620.1 million and profit attributable to shareholders of the Company amounted to HK$10,139.0 million, up 8.3% and 10.8% respectively. The Group's underlying profits amounted to HK$5,017.7 million, up 7.5%.

Hong Kong Property Development

In order to ensure healthy and steady development of the property market, measures targeting the property market, including Special Stamp Duty and reduction of loan-to-value ratio, were introduced by the Hong Kong SAR Government and the Hong Kong Monetary Authority in 2010. As a result, market consolidation was experienced in the residential property sector. The lackluster global economy, however, has pushed various countries to launch bailout plans with focus on monetary easing, in a bid to stimulate economic recovery. Various banks therefore launched a number of preferential mortgage plans, which in turn has fueled the demand for home purchase.

According to the statistics on residential mortgages published by the Hong Kong Monetary Authority, substantial month-on-month increase was recorded for new mortgage drawdowns in the first quarter of 2012. For example, the newly approved loans in March 2012 increased by 95.5% to HK$28.1 billion from February 2012, while the new loan applications increased by 66.1% to 17,419 on a month-on-month basis. The recovery of the residential mortgage business indicates that the residential property market is stirring back to life. According to the information of The Land Registry, the transaction volume in residential property market saw a remarkable rebound after the Lunar New Year of 2012. The number of sale and purchase agreements for residential building units almost tripled in March 2012, increasing to 11,358 on a month-on-month basis.

With the signs of recovery of the market sentiment in the residential property sector, the Group launched its luxurious project, The Signature, in March 2012, providing a total of 62 typical units and four duplex units. The project, located in Tai Hang, a traditional prime housing location for high-end properties, boasts the spacious view of Happy Valley with fashionable, elegant and flexible designs catering for the needs of different buyers. The project has been well-received by a large number of upgraders in the district and long-term investors since its launch. The unit selling price hits record high, setting a new benchmark in the district. All typical units have been sold out, remaining only four duplex units still available for sale.

Riding on the excellent performance of The Signature, the Group launched The Riverpark, the first large-scale residential project of the Group in the market during year, in June 2012, providing a total of 937 standard units and 44 special units. The project is adjacent to Che Kung Temple MTR Station in Sha Tin, enjoying a convenient location just a bridge away from Sha Tin city centre. It also boasts the endless breathtaking view from Shing Mun River, Sha Tin to Tolo Harbour as well as the greenery of the Sha Tin Park. The diversified unit types and high quality of the project have attracted a number of first-time buyers and end-users. As at 25 September 2012, 748 units have been sold.

The Masterpiece, another luxurious project of the Group in Tsim Sha Tsui, has received overwhelming market response since its re-launch in 2011. Since the beginning of FY2012 and up to 25 September 2012, a total of 72 residential units were sold, including a number of special units with a price of over HK$100 million per unit. Currently, 31 residential units were still available for sale. The remaining units are mainly upper floor and large-sized residential units commanding spectacular views of the Victoria Harbour.

Double Cove, the Group's joint-venture residential project next to Wu Kai Sha MTR Station in Ma On Shan was launched in early September 2012. As at 25 September 2012, 436 units have been sold.

As at 25 September 2012, a total of 1,318 units of the above four residential projects have been sold since the beginning of FY2012.

In addition to residential property sales, after reviewing the asset portfolio during the year, the Group sold certain of its non-core assets, including retail shops and car parks in residential properties developed by the Group. Since the beginning of FY2012 and up to 25 September 2012, the Group's effective share of sales proceeds aggregated to approximately HK$700 million. Currently, the Group is actively negotiating with interested investors on a number of its non-core assets.

Given the lackluster global economy, US Federal Reserve began the third round of quantitative easing and reiterated its plan to keep interest rates ultra-low through mid-2015 to ensure sustainable economic recovery. Facing the risk of economic downturn, the Central Government is anticipated to continue with its eased monetary policies, which will be the focus of economic policies in the second half of the year. Under the two favourable factors above, and coupled with the limited supply of new residential units in the short run, the residential property sector in Hong Kong is expected to witness steady development.

The Reach, the Group's joint-venture residential project located in the centre of Yuen Long is expected to be launched in the year. In 2013, the Group plans to launch "COLLECTABLE RESIDENCES", comprising a series of high quality residential projects in Hong Kong Island, together with the high-end Austin Station Project next to the Hong Kong Terminal Station of Express Rail Link in West Kowloon and a number of new projects in diversified living communities in New Territories.

In the launching pipeline	**Total no. of units**	**No. of attributable units**
Tai Tong Road project, Yuen Long – The Reach	**2,580**	**541**
Tong Yan Sun Tsuen project, Yuen Long – Park Villa	**51**	**51**
Tai Tao Tsuen project, Yuen Long – The Woodsville	**236**	**236**
Hung Shui Kiu project, Yuen Long	**98**	**98**
Double Cove, Phase II, Ma On Shan	**865**	**277**
Austin Station project, Site C, West Kowloon	**576**	**288**
**South Lane project, Western District – Eight South Lane	**94**	**94**
**Kwai Fong Street project, Happy Valley	**152**	**132**
Lung Tin Tsuen project, Yuen Long – Park Signature	**1,620**	**1,620**
Total	**6,272**	**3,337**

**: "COLLECTABLE RESIDENCES"

The Group has been pursuing to replenish its landbank through various means, including public auction, old building redevelopment, private acquisition and tendering as well as agricultural land conversion. Resources consumed in our current development were actively replenished to provide the Group with a steady pipeline of land supply in the coming years and to plan for property development and strategies in the long run. During the year, the Group successfully increased its landbank through agricultural land conversion, old building redevelopment and private acquisition.

In respect of agricultural land conversion, the Group paid a land premium of HK$6,640.3 million to the Government for land conversion of the residential land of Tai Po Tsai Project in Sai Kung in July 2011. The project covers a total site area of approximately 719,000 sq ft with total GFA of approximately 1,080,000 sq ft. The project is situated in the luxurious location at Clear Water Bay Road, Sai Kung and will be developed into a low-density and high-end residential community.

In February 2012, the Group successfully acquired a residential site at South Lane, Western District, Hong Kong Island through private acquisition. The project covers a total site area of 5,142 sq ft with total GFA of 41,134 sq ft. Surrounded by a number of prestigious educational institutions in the Central and Western District and in close proximity to the Hong Kong University Station of MTR West Island Line which is under construction, the project will be developed into a boutique residence.

For old building redevelopment in urban areas, in February 2012, the Group has further acquired 35% interest in the residential project situated at 1–15 New Eastern Terrace & 5–11 Dragon Road, Tin Hau, increasing its attributable interest from 50% to 85%. In June 2012, the Group completed amendments to land leases of the project with a land premium of HK$3,749 million. The Group's attributable GFA in this project is approximately 337,064 sq ft.

In September 2012, the Group won the tender from The Urban Renewal Authority for the development of Sai Yee Street Project in Mong Kok. The project, with a site area of about 26,673 sq ft, is bounded by parts of Sai Yee Street, Nelson Street and Fa Yuen Street and situated in or near the cluster of sports retail outlets in Mong Kok. Upon completion, it is expected to deliver a residential GFA of 186,712 sq ft. The project is also expected to yield a multi-level commercial portion with a GFA of about 53,346 sq ft.

Landbank by location	Attributable GFA (sq ft)
Hong Kong Island	**690,269**
Kowloon	**4,260,686**
New Territories (excluding areas pending agricultural land conversion)	**4,443,294**
Total	**9,394,249**

Agricultural landbank by location	Total land area (sq ft)	Attributable land area (sq ft)
Yuen Long	**14,288,500**	**12,913,500**
Fanling	**2,590,000**	**2,386,000**
Sha Tin / Tai Po	**2,162,000**	**2,162,000**
Sai Kung	**1,265,000**	**1,100,000**
Tuen Mun	**120,000**	**120,000**
Total	**20,425,500**	**18,681,500**

As at 30 June 2012, the Group has a landbank of around 9.4 million sq ft total attributable GFA for immediate development, of which, over 50% is in the urban area. The Group's effective share of GFA for residential property development amounted to around 6.0 million sq ft. Meanwhile, the Group has a total of approximately 18.7 million sq ft of agricultural land reserve pending conversion, ranking it one of the developers with the largest agricultural land reserve in Hong Kong.

Hong Kong Property Investment

Harassed by the European sovereign debt crisis, international financial institutions further tightened resources and suspended expansion plans, and started to look for alternative work spaces suitable for back office in other new commercial districts with lower rental rates, there were adjustments to new lease of grade A offices in the core commercial districts of Hong Kong. However, as PRC companies and PRC financial institutions actively explore overseas market, commercial properties in Hong Kong served as an outlet for capital investment. Such demand has offset the downward pressure resulting from the move-out of some corporations from the core commercial districts with a view to lower operating cost, thus maintaining the overall occupancy level of grade A offices in Hong Kong.

Located in the traditional core commercial districts of Central, the grade A offices in Queen's Road Central occupy a prime location with diversified interior design and flexibility for changes, which are well-received by local and international corporation headquarters as well as specialised medical organisation and law firms with more stable business. The overall occupancy and rental level of such offices therefore remained stable. It is expected that under the continued limited supply and consistently low overall vacancy remained, the rental rates of grade A offices in core commercial districts of Hong Kong remain resilient to further decline.

Supported by various favourable factors such as stable local consumption demand and the growth of visitor arrivals to Hong Kong, the retail industry of Hong Kong has achieved satisfactory growth in recent years. According to The Census and Statistics Department, the total retail sales value of Hong Kong increased by 13.1% year-on-year in the first half of 2012, whereas the total sales volume increased by 9.0%. Mainland visitors are still the major growth driver of the local retail market. Despite that the figures released by The Hong Kong Tourism Board showing that the growth of local retail sales of high-value products has slowed down in recent months, international retail brands continue to set foot in the Hong Kong market. The demand for retail space in core retail and tourism districts such as Central and Tsim Sha Tsui is still strong.

Among the fashion apparel-orientated shoppers' boulevards around the world, the average rent per sq ft in Queen's Road Central, Central and Canton Road, Tsim Sha Tsui is just lower than the Fifth Avenue in New York, US, which has the highest rental rate per sq ft in the world. In fact, apart from the core retail and tourism districts, the increasing demand for provisions from Mainland visitors, coupled with the continuous strong exchange rate of Renminbi against the Hong Kong dollar, have boosted Mainland visitors flow in certain consumer livelihood-related districts, driving up the demand for retail space in such districts.

During the year, the Group's gross rental income in Hong Kong amounted to HK$1,316.6 million, representing a year-on-year increase of 15.9%. All major projects in the Group's investment portfolio attained satisfactory occupancy. In particular, New World Tower and Manning House, located in the core commercial hub of Central, achieved satisfactory occupancies together with rental rates.

Benefited from the steady performance of the overall retail market in Hong Kong, and high visitors flow and their strong consumption power, the Group's K11 in Tsim Sha Tsui, Discovery Park Shopping Centre in Tsuen Wan and Pearl City Shopping Mall in Causeway Bay recorded high pedestrian flow and made increasing contributions to the property investment segment during the year. During the year, K11 in Tsim Sha Tsui, located in the core retail and tourism districts, delivered satisfactory leasing performance with average monthly pedestrian flow grew by 7.4% year-on-year.

To strengthen the contribution of the Group's Hong Kong investment property portfolio and enhance the quality of its project assets in order to achieve higher return on assets, the Group will undertake interior renovation and facilities upgrade in New World Tower and Manning House in Central, together with Pearl City in Causeway Bay. In response to the rising consumption demand both within the district and from Mainland China tourists, renovation of Discovery Park Shopping Centre in Tsuen Wan will also be undertaken in phases start at 4Q 2012.

The redevelopment project of New World Centre in the prime location of Tsim Sha Tsui promenade has commenced during the year. The demolition works of buildings have been completed and foundation levelling and reinforcement are currently in progress.

Hotel Operations

Notwithstanding uncertainties in the global economy, better economic performances achieved in Mainland China than other economies, coupled with the persistently strong exchange rates of most major currencies against the Hong Kong dollar, more visitors from various countries were encouraged to spend in Hong Kong, bringing great opportunities to Hong Kong's tourism and hotel business. Apart from the continuous increase in visitors from Mainland China, visitors from other emerging markets, such as Russia and India, also increased as a result of visa-free access arrangement and newly operated or more frequent direct flights. According to the statistics from The Hong Kong Tourism Board, visitor arrivals to Hong Kong reached 22.32 million in the first half of 2012, up 15.5% year-on-year. Amongst which, visitors from Mainland China increased by more than 20% and over 10 million visitors came to Hong Kong under the Individual Visit Scheme. Increase in visitor arrivals has provided strong support to local hotel business.

During the year , the Group's four major hotel projects in Hong Kong, namely, Grand Hyatt Hong Kong, Hyatt Regency Hong Kong, Tsim Sha Tsui, Hyatt Regency Hong Kong, Sha Tin and Renaissance Harbour View Hotel in Hong Kong, delivered strong business performances of continuous growth in average occupancies and average room rates. In particular, Grand Hyatt Hong Kong has made remarkable contributions to the Group's hotel operations with revenues growth of 10.3% year-on-year. Hyatt Regency Hong Kong, Tsim Sha Tsui and Hyatt Regency Hong Kong, Sha Tin, both commenced operations in 2009, achieved outstanding performances with average occupancy over 82%, average room rates year-on-year growth of 12.2% and 20.7% respectively.

During the year, Courtyard by Marriott Wuxi in Jiangsu Province ceased operations on 31 December 2011. In addition, the Group disposed its interests of Renaissance Kuala Lumpur Hotel, Malaysia in March 2012. As at 30 June 2012, the Group had a total of 16 hotels located in Hong Kong, Mainland China and Southeast Asia, providing 7,125 hotel rooms.

In July 2011, New World China Land Limited ("NWCL") acquired 100% interest in Rosewood Hotels & Resorts, L.L.C., ("Rosewood") and the intellectual property rights of the "Carlyle", a hotel brand, for a consideration of HK$2,049.3 million. The acquisition was completed on 29 July 2011 and Rosewood became a wholly-owned subsidiary of NWCL. Rosewood currently manages 19 properties in eight countries. It is recognised as one of the most famous and luxurious hotel groups worldwide.

Upon completion of acquisition, New World Hospitality manages three unique hotel brands, namely, the premium and luxurious Rosewood Hotels & Resorts, the deluxe New World Hotel and the trendy and cosy pentahotel.

Mainland China Property Development and Investment

Since the outbreak of international financial crisis in 2008, the Central Government has been striking a balance between economic growth and various risks of inflation by adopting flexible administrative means and moderately adjusting monetary policies based on market conditions. As the property market is one of the important growth drivers of the Chinese economy, the Central Government emphasised that it will insist on strengthening property market control in recent years, so as to ensure execution and functioning of control policies. By facilitating sustainable and steady development based on a healthy property market, housing problems in various levels of the society may be alleviated. In 2011, home purchase restriction and credit control measures implemented in a number of major cities have already resulted in substantial adjustment to transaction volume and overall property prices. Such measures have proved successful in curbing speculative activities and bringing property prices back to reasonable levels.

In March 2012, the Central Government and the national financial institutions moderately adjusted control measures to increase market liquidity in response to external economic environment, domestic social development and property market trend. As concrete demand for new purchases and upgrades increased given the low probability for a new round of control measures, property market sentiment gradually picked up with higher transaction volume and stable property prices.

Given the current uncertainties in the global economic outlook, the Central Government lowered the full-year GDP growth target to 7.5% in early 2012, which was the first time since 2005. Pursuant to the requirements of "maintain growth, adjust economic structure, benefit people's livelihood" and in response to the negative impacts from decreased foreign consumption due to the international financial crisis, it is anticipated that the Central Government will stimulate the economy by maintaining sufficient market liquidity with relaxed monetary policies, such as low interest rate and tax reduction. Meanwhile, sustainable economic development strategies will be implemented through the Central Government's strengthened support to infrastructure construction and community welfare undertakings, in a bid to reduce over reliance on exports, increase consumption power per capita, stimulate domestic consumption and spending growth. Such measures will be critical to the steady and healthy development of the property market.

In FY2012, NWCL recorded profit attributable to shareholders of HK$3,080.9 million, representing a year-on-year increase of 1.8%. Attributable operating profit before finance costs and taxation charge amounted to HK$4,584.1 million, representing a year-on-year increase of 6.7%.

Property market sentiment has been generally weak and construction progress has been adjusted since the introduction of home purchase restriction and a series of tightened monetary policies in 2011. Under the combined influence of the aforesaid international and domestic factors, NWCL recorded a decline in total GFA of both volume of newly completed properties and property sales. During the year, total GFA of newly completed properties decreased by 39% year-on-year to 828,153 sq m, and total GFA of property sales decreased by 26% year-on-year to 780,379 sq m.

Although sales volume declined as a result of the fall in number of completed property projects and the negative impacts arising from austerity measures, the inclusion of Central Park-view, a high-end residential project in Pearl River New Town, Guangzhou, and commercial properties with higher average price and gross profit in the property sales portfolio of NWCL, coupled with the different levels of increase in average selling price of residential projects in general during the year, gross sale proceeds were generally maintained at approximately RMB9.8 billion. Overall gross profit margin also increased significantly by 17 percentage points year-on-year to 50%.

As at 30 June 2012, NWCL has a total GFA of over 27 million sq m of properties under development or held for development spreading across more than 20 major cities or transportation hubs in Mainland China.

Benefitting from the increase in rental contribution from Beijing New World Centre shopping mall and Guangzhou Canton Residence, NWCL's rental operation recorded a year-on-year increase of 4% in contribution to HK$461.5 million in FY2012. However, contribution from Shanghai Hong Kong New World Tower declined due to full closure for overhaul renovation of its shopping arcade during the year, suppressing the overall growth of rental operation.

Infrastructure and Service

NWS Holdings Limited ("NWSH") achieved a profit attributable to shareholders of HK$5,251.1 million for FY2012, representing an increase of 13.5% as compared to FY2011. During FY2012, NWSH acquired 95% effective interest in Hangzhou Ring Road ("HZRR") and its performance stood out as the most significant contributor of the infrastructure segment. Moreover, Free Duty's tobacco and liquor retail business at various cross-boundary transportation terminals in Hong Kong continued to achieve outstanding results.

Road

In the Pearl River Delta Region, average daily traffic flow of Guangzhou City Northern Ring Road grew by 13%, as benefited from the repairs and maintenance being undertaken by a competing road during FY2012. Average daily traffic flow of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and Shenzhen-Huizhou Expressway increased by 7% and 9% respectively when compared to FY2011. Phase two of Guangzhou-Zhaoqing Expressway, which was completed in September 2010, has greatly enhanced the project competitiveness in the Pearl River Delta Region and reported a traffic growth of 17% in FY2012.

After the completion of the fourth stage of acquisition of HZRR in January 2012, NWSH owns 95% effective interest in the project. This 103.4km long expressway boasted a daily traffic volume of over 100,000 vehicles and contributed significantly to the road business in FY2012. To capture the high rate of economic growth in Tianjin Binhai New Area, the entire Tangjin Expressway (Tianjin North Section) will be expanded to six driving lanes. Partial closure of the expressway began in June 2012 to pave way for the expansion works. Its average daily traffic flow in FY2012 was maintained at a similar level as FY2011.

Energy

Surging coal price continued to put pressure on the profitability of power producers in FY2012. Due to system upgrade and overhaul works carried out during FY2012, Zhujiang Power Plants registered a decrease in electricity sales of 5%. Electricity sales of Chengdu Jintang Power Plant grew by 6% when compared with FY2011. The on-grid tariff increase in December 2011 mitigated the impact of high fuel costs.

Trading revenue of Guangzhou Fuel Company grew by 17% but its profitability was under pressure as a result of lower gross margin and higher finance costs in relation to the investment in a coal mine in Mainland China. Electricity sales of Macau Power reported a healthy growth of 9% with more entertainment and hotel facilities commencing operations during FY2012.

Water

During FY2012, sales volume of Chongqing Water Plant and Sanya Water Plant were increased by 6% and 8% respectively. Waste water treated by Chongqing Tangjiatuo Waste Water Plant reported a growth of 13%. Apart from a healthy increase of 13% in water sales revenue, the tax refund obtained by Shanghai SCIP Water Treatment Plants after the project was certified as a hi-tech enterprise also contributed to the growth. Meanwhile, water sales volume in Macau Water Plant rose by 6% when compared to FY2011.

Moreover, the new Chongqing CCIP Water Treatment Plants commenced operation in September 2011.

Ports and Logistics
The throughput of Xiamen New World Xiangyu Terminals Co., Ltd. rose by 29% to 1,000,000 TEUs due to additional shipping routes obtained in FY2012. The throughput of Tianjin Five Continents International Container Terminal Co., Ltd. and Tianjin Orient Container Terminals Co., Ltd grew by 10% and 3% respectively in FY2012.

In Hong Kong, ATL Logistics Centre continued to make stable contribution. Average occupancy rate increased from 96% to 98% in FY2012. The entire newly completed NWS Kwai Chung Logistics Centre has been leased out and is expected to generate a steady contribution and cash flow.

The eight operating rail terminals of China United International Rail Containers Co., Ltd. reported a throughput growth of 20% to 1,508,000 TEUs during FY2012, which was mainly due to the increase in business volume of Kunming and Chongqing terminals and full-period effect of operations of several terminals.

Facilities Management
Hong Kong Convention and Exhibition Centre ("HKCEC") continued to benefit from the growth of exhibition and convention industry in FY2012. During the year, 1,224 events were held at HKCEC with total patronage of approximately 5.6 million.

Strong patronage of affluent travellers from Mainland China contributed to the significant growth of Free Duty's tobacco and liquor retail business at various cross-boundary transportation terminals in Hong Kong. Expanded liquor sales have successfully offset the drop in tobacco sales resulting from high cigarette duty.

Construction and Transport
The contribution from construction business recognised a 15% increase from FY2011. As at 30 June 2012, the gross value of contracts on hand for the construction business was approximately HK$21.4 billion.

The transport business recorded a 27% increase in profit over FY2011. This was mainly attributable to the gain on the disposals of the Macau ferry operation and the bus operation in Kunming, the PRC. Two new 10-year franchises were granted to New World First Bus Services Limited and Citybus Limited's Airport and North Lantau Bus Network (Franchise 2) during the year and took effect when the current franchises expired on 1 July 2013 and 1 May 2013 respectively.

Strategic Investment
Tricor recorded a steady growth in its corporate services and investor services businesses during FY2012. It captured about 52% of the total share of new listings in Hong Kong in FY2012. Haitong Securities achieved a year-on-year increase in total revenue by 10%.

NWSH's effective interest in Newton Resources decreased from approximately 60% to 48% following its listing on the Main Board of The Stock Exchange of Hong Kong Limited on 4 July 2011. As a result, Newton Resources ceased to be a subsidiary of NWSH and a dilution gain of approximately HK$1.8 billion was recorded.

During the year, Hyva's revenue in Mainland China has been affected by a slowdown in heavy truck sales. In Europe, however, despite the general negative market sentiments, replacement needs continue to support sales. Russia and Middle East markets are also expected to continue their growth momentum.

Department stores
In FY2012, New World Department Store China Limited ("NWDS") recorded total revenue of HK$3,490.1 million, an increase of 27.6% compared to last year. Net profit was HK$607.7 million.

Commission income from concessionaire sales was the major income contributor, accounting for 68.9% of the total revenue. Proceeds from direct sales and rental income accounted for 19.4% and 11.1% respectively of the total revenue. The remaining 0.6% was derived from management fees. Regional-wise, Northern China Region contributed the most to the revenue of NWDS, amounting to 48.6% of total revenue, followed by the Central Western China Region and the South Eastern China Region, which accounted for 28.3% and 23.1% of the total revenue respectively.

Facing adverse impact from the European sovereign debt crisis on China economy, NWDS has established counter measures in advance, seizing the opportunity endowed by initiatives by the Central Government to boost the overall economy with domestic demands, strategically conducting business expansion in different regions.

In terms of new store expansion, during the year, NWDS successfully acquired the property and operating rights of "Channel One" shopping mall in Putuo District, Shanghai in November 2011. The project was renamed as Hong Kong New World Department Store – Shanghai Shaanxi Road Branch Store on 28 June 2012.

In addition, NWDS made its business presence in Mianyang, Sichuan Province in December 2011, opening Mianyang New World Department Store positioned as a "one-stop shopping" living gallery. Shenyang Jianqiao Road Branch Store, which has completed expansion, also opened on 28 April 2012 with its GFA increased by approximately 34,000 sq m.

In terms of store transformation, Lanzhou New World Department Store has been converted from a managed store to a self-owned store in November 2011, thus strengthening development edge of NWDS in North Western China. Beijing Liying Store has also been converted from a managed store to a self-owned store in January 2012.

As of 30 June 2012, NWDS operated and managed a total of 39 stores spreading across 18 cities in Mainland China with total GFA 1,387,670 sq m. In particular, 36 were self-owned stores with total GFA close to 1,279,970 sq m whilst three were managed stores with total GFA over 107,700 sq m. The total GFA of self-owned stores showed an increase of 17.6% when compared with the same period over last year.

In September 2009, NWDS started its rebranding programme by dividing all of its department stores in China into "Fashion Gallery" and "Living Gallery". As of 30 June 2012, department stores in Shenyang, Harbin, Beijing, Tianjin, Shanghai, Taizhou and Lanzhou, and Wuhan Hanyang Branch Store have already completed rebranding. The remaining department stores in Ningbo, Nanjing, Dalian, Anshan, Changsha, Chongqing, Chengdu, Kunming and Wuhan will complete rebranding successively by the end of 2012.

In September 2011, NWDS readjusted its operating structure in order to improve its operational efficiency and to cater for future expansion strategies. NWDS has established a new management pattern by dividing its China roadmap into three major operational regions, namely Central Western China Region, South Eastern China Region and Northern China Region, with nine operational districts to be managed by its respective region. NWDS will continue to implement the business concepts of "Fashion Gallery" and "Living Gallery" under the brand-new pattern of regional operation, highlighting the "Fashion Gallery" as a thematic department store with a "trendy character", as well as conducting the "Living Gallery" into a "One-stop Shopping Department Store".

Telecommunications

CSL New World Mobility ("CSLNWM") is responsible for providing full mobile services including handset sales, voice, and data product in Hong Kong. These services are delivered over CSL's 3G and 4G LTE networks. In FY2012, revenue performance of CSLNWM grew by 10.0% to HK$6,890 million. This was driven by the strong growth in mobile customers. During the year, total 475,000 mobile customers were added, bringing the total customers number on our CSL network to 3.5 million. The increase in customer's base also supported the growth momentum in CSL's EBITDA margin, up 4.1 percentage points to 26%.

New World Telecommunications ("NWT") has launched the Cloud Enterprise Solution in early 2011 by providing innovative services to capture the emerging business demands. In October 2011, NWT has formed partnership with VMware – the worldwide leader in cloud computing, by joining the VMware Service Provider Program. Through this program, NWT is able to continuously provide the latest highly secured cloud solutions to customers.

In order to capture the highly-growing Cloud Service business, the Cloud platform expansion will be taking place in the third quarter of 2012, with more value added services such as Global Traffic Management, and further enhanced security on the platform. Moreover, NWT will expand the Metro Ethernet network capacity to meet the growing demand of mobile carriers and commercial sectors, in particular the coming demand from 4G deployment in the mobile market.

In FY2012, NWT had signed International Telecom Service Agreements with an addition of over 30 preferred partners, making a total number of global carrier partners to 470. These partners are providing new opportunities for NWT to further extend its wholesale business around the world.

EMPLOYEES

At 30 June 2012, about 47,000 staff was employed by entities under the Group's management. Remuneration policies are reviewed annually. Remuneration and bonuses are awarded to employees based on individual performances and are in line with market practices. Education subsidies are granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. Under the share options schemes of the Company and all the listed subsidiaries of the Group, options may be granted to certain Directors of the Company and certain employees of the Group to subscribe for shares in the Company and/or the respective subsidiaries.

MAJOR ACQUISITIONS AND DISPOSALS

a. On 4 July 2011, the spin-off of Newton Resources was completed and dealings in shares of Newton Resources on the Main Board of the Hong Kong Stock Exchange commenced on the same day. Upon its listing, the effective interest of NWSH in Newton Resources diluted to 48%. Newton Resources therefore ceased to be a subsidiary and became an associated company of the Group. As a result, a gain of HK$1,842.7 million on the deemed disposal of interest was recorded in the consolidated income statement in FY2012.

b. NWSH acquired 95% effective interest of a project company operating Hangzhou Ring Road in Zhejiang Province, PRC under four phases since June 2011 at a total consideration of US$1,073.0 million (equivalent to approximately HK$8,358.0 million), out of which HK$1,588.9 million was paid as deposit during FY2011 and HK$6,769.1 million was paid during the year. Phase 4 of acquisition was completed on 6 January 2012.

c. In July 2011, NWCL acquired 100% interest in Rosewood Hotels and Resorts, L.L.C. ("Rosewood") and the intellectual property rights of "Carlyle", a hotel brand, for a consideration of HK$2,049.3 million. The acquisition was completed on 29 July 2011 and Rosewood became a wholly owned subsidiary of NWCL.

d. On 21 September 2011, a subsidiary of NWDS entered into a sale and purchase agreement with independent third parties to acquire 100% of the equity interest in Moral High Limited ("Moral High"), a limited liability company incorporated in Samoa, for a gross consideration of RMB1,460.0 million (equivalent to approximately HK$1,792.6 million), which is subject to the deductions and adjustments based on the terms and conditions of the agreement. The principal activity of Moral High is the investment holding of 100% equity interest in Peak Moral Commercial Development (Shanghai) Company Limited ("Peak"), a limited liability company established in the PRC. Peak is a property owner and operator of a shopping mall in Shanghai. The acquisition was completed on 17 November 2011.

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

	FY2012 HK$m	FY2011 HK$m
Consolidated net debt	**57,773.4**	34,992.4
NWSH (stock code: 0659)	**12,280.2**	2,161.5
NWCL (stock code: 0917)	**12,997.0**	8,459.6
NWDS - cash and bank balances (stock code: 0825)	**(2,613.3)**	(4,153.0)
Net debt (exclude listed subsidiaries)	**35,109.5**	28,524.3

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

The Group's borrowings were mainly arranged on a floating rate basis. The Group used interest rate swaps and foreign currency swap to hedge part of the Group's underlying interest rate and foreign exchange exposure. As at 30 June 2012, the Group had outstanding derivative instruments in the amounts of HK$5,800.0 million and US$700.0 million (equivalent to approximately HK$5,460.0 million) respectively. As at 30 June 2012, the Group had outstanding foreign currency swap contracts in the amounts of RMB1,000.0 million (equivalent to approximately HK$1,219.5 million).

As at 30 June 2012, the Group's cash and bank balances stood at HK$28,036.3 million (2011: HK$24,092.8 million) and the consolidated net debt amounted to HK$57,773.4 million (2011: HK$34,992.4 million). The net debt to equity ratio was 36.6%, an increase of 10.6% as compared with FY2011.

The Group has completed the following significant transactions during the year:

	HK$m
Payment of land premium for Tai Po Tsai project, Sai Kung	**6,640**
Acquisition of Channel 1調頻壹, Shanghai	**1,793**
Acquisition of Hangzhou Ring Road, Hangzhou	**6,769**
Acquisition of Rosewood Hotels and Resorts	**2,049**
Payment of land premium for New Eastern Terrace project	**3,749**
Total	**21,000**

During the year, the Company raised approximately HK$11,332.0 million, before expenses, by way of a rights issue of 1,995,062,501 rights shares on the basis of one rights share for every two shares of the Company at the subscription price of HK$5.68 per rights share ("NWD Rights Issue").

During the year, NWCL also raised approximately HK$4,293.1 million, before expenses, by way of a rights issue of 2,881,306,455 rights shares on the basis of one rights share for every two shares of NWCL at subscription price of HK$1.49 per rights share ("NWCL Rights Issue").

The net proceeds from the above two Right Issues has been used for the funding of the Group's property projects and as general working capital of the Group.

The proceeds from the NWD Rights Issue and the NWCL Rights Issue have strengthened the capital base and the financial position of both the Company and NWCL so as to facilitate the carrying out of their plans to develop their landbank.

During the year, NWCL raised an aggregate amount of RMB4,300.0 million in the bond market by way of issuance of 8.50 % RMB Bonds due 2015 (Stock code : 86021).

On 11 June 2012, the maturity date of the USD settled zero coupon guaranteed convertible bonds ("Bonds") (stock code : 01517) issued by a subsidiary of NWCL, all outstanding Bonds totaling 3,132 units with face value of RMB100,000 each were redeemed for an aggregate consideration of US$51.5 million (before expenses) in accordance with the terms and conditions of the Bonds.

During the year, NWSH issued RMB1,000.0 million 2.75% guaranteed bonds due in 2014 and US$500.0 million 6.5% guaranteed bonds due in 2017.

As at 30 June 2012, the Group's long-term bank loans, fixed rate bonds and convertible bonds amounted to HK$80,094.7 million. Short-term bank and other loans as at 30 June 2012 were HK$5,715.0 million. The maturity of long-term bank loans, fixed rate bonds and convertible bonds as at 30 June 2012 was as follows:

	HK$m
Within one year	**12,391.9**
In the second year	**16,317.5**
In the third to fifth year	**40,958.9**
After the fifth year	**10,426.4**
	80,094.7

As at 30 June 2012, the Group's assets of HK$56,182.0 million (2011: HK$35,292.9 million) and certain shares of subsidiaries of the Group were pledged as securities for certain banking facilities of the Group.

Equity of the Group as at 30 June 2012 increased to HK$158,040.7 million against HK$134,368.6 million as at 30 June 2011.

OUTLOOK

Global economic recovery faced challenges. Eurozone and EU economy saw a negative quarter-on-quarter growth in the second quarter of 2012, pushing some EU countries towards deep recession and resulting in a potential double dip in the Europe economy. US economic recovery was at a sluggish pace with employment and consumer spending remained stagnant. Under the background of global economic downturn, larger-scale withdrawal of foreign investment in emerging economies was expedited, slowing down economic growth in emerging economies due to currency depreciation and weak export. As one of the emerging economies driving the recovery of global economy, China was also under the pressure of economic downturn. According to preliminary estimates of the National Bureau of Statistics of China, annual GDP growth was 7.8% during the first half of 2012 and the growth in the second quarter was slower compared to the first quarter.

Being an externally-oriented economy, Hong Kong is also adversely affected by the fragile global economy. According to The Census and Statistics Department of Hong Kong, real GDP growth in Hong Kong rose slightly by 1.1% year-on-year in the first half of 2012. On a seasonally adjusted quarter to quarter comparison GDP recorded a decline of 0.1% in the second quarter of 2012 and goods exports decreased by 3.7% year-on-year, which are the main reasons to the sluggish economic growth. Private consumption grew by 3.7% year-on-year, but slower than the growth of 6.5% in the first quarter of 2012. As at June 2012, unemployment rate stood at 3.2%, reflecting a state of full employment. Development of the European sovereign debt crisis and the weak performances of major economies, however, may affect business environment and recruitment intentions, bringing uncertainties to the outlook in the job market. Amidst the current circumstances, the HKSAR government further cut its full-year forecast of economic growth for 2012 from 1-3% to 1-2%.

The property market of Hong Kong is, to a certain extent, affected by the various uncertainties in the outlook of external economic environment. Grade A offices in the waterfront of Central witnessed a substantial fall in overall occupancies and rental rates as international financial institutions cut resources and some enterprises moved their back offices to new emerging commercial districts with lower rental rates. Fortunately, a large portion of the vacant office space was taken up by Mainland Chinese financial institutions which set up their headquarters and branches in Hong Kong in line with the “going out” development strategy from the Central Government. Absorption of grade A office space in prime locations is anticipated to be benefited with a neutralising and balancing effect from such new demand. According to the statistics from The Rating and Valuation Department, grade A office space forecast completions in 2012 will be around 150,000 sq m, while completions in 2013 will decline. Around 73% of the new supply in 2012 would be found in non-core areas, while the percentage in 2013 will rise to 90%. Limited new supply of grade A office space in core areas, particularly the traditional prime areas in Queen’s Road Central, also created favourable market environment.

In early 2012, the Central Government has adopted a slightly eased monetary policy, which has stimulated the residential mortgage business of banks in Hong Kong. Coupled with the launch of a number of quality projects, the Hong Kong residential property sector has gained growth momentum. Transaction volume of projects with geographical advantages was encouraging, with overall transaction volume picked up gradually. For instance, The Signature and The Riverpark, two new residential projects launched by the Group in 2012, were well received by local purchasers and foreign investors because of its prime location and superior quality, thereby has achieved satisfactory sales performance. The new Chief Executive of the HKSAR Government reiterated on increasing in residential housing supply so as to alleviate the shortage in residential housing, resulting in market concerns about the government’s property market policies. Despite the foregoing, under the current situation, the government tends to moderately increase supply with an aim to developing the property market steadily and healthily, provide Hong Kong citizens with good living environment and mitigate risks arising from market fluctuations, rather than to hinder natural development of the property market through vigorous administrative means. Such measures are welcomed by property developers.

Given the lackluster global economy, US Federal Reserve began the third round of quantitative easing and reiterated its plan to keep interest rates ultra-low through mid-2015, as well as expressed that it will take additional measures, if necessary, to ensure sustainable economic recovery. Facing the risk of economic downturn, the Central Government is generally anticipated to continue with its eased monetary policies which will be the overall focus of policy regulation in the second half of the year. As the former is anticipated to keep Hong Kong's interest rate low, which will be favourable to the property market, and the latter will be beneficial to the property market in terms of capital inflow, it would be more good than bad to the Hong Kong society with over 50% of population living in private housing at present. Meanwhile, concrete demand for new purchases and upgrades were boosted by the significant increase in personal income level, as well as the continual rise in newly married and newborn population in Hong Kong in the recent years. As such, stable demand is expected to provide further support to the residential property market.

For Hong Kong retail property market, large number of visitors from Mainland China and buoyant local consumption demand created inexhaustible momentum for the retail industry of Hong Kong in 2011. Entering the first half of 2012, risks of the Mainland economy have hampered Mainland visitors' consumer spending on luxury goods in Hong Kong. Sales volume of jewellery, watches and clocks, and valuable gifts, which used to be the favourites of Mainland visitors, fell by 2.9% year-on-year in May 2012, tapering off the growth in value of total retail sales in Hong Kong. Visitor arrivals from Mainland China maintained at a relatively high level and visitors from emerging markets increased, however, are beneficial to the development of the Hong Kong retail and retail property leasing markets as the weak exchange rate of the Hong Kong dollars has boosted overall consumption. The strong demand from the international and local brands for retail space in prime locations at present and the limited new supply of retail space in core shopping districts such as Tsim Sha Tsui and Central in the short run have accelerated the rise in occupancies and rental rates of retail property in those areas.

Hong Kong's hotel industry experienced a remarkable growth in 2011. New highs were recorded in both occupancy and average room rate. Visitor arrivals from Mainland China and emerging markets kept growing and provided a strong support to the development of Hong Kong's hotel industry as a whole. However, high operating costs of the hotel industry and peak overall property prices in Hong Kong are impairing the competitive advantages of the hotel industry of Hong Kong compared with its surrounding counterparts. In fact, other major Asian countries, including Singapore, Japan and Korea, are upgrading their tourism destinations and introducing preferential policies so as to boost visitor arrivals. Direct flights between Mainland China and Taiwan also undermined the role of Hong Kong as a transit hub for cross-strait travelling. Mainland Chinese travellers changing their destinations to Europe and US for new shopping and travelling experience together with decreasing number of long haul business travellers from Europe and US as a result of corporations' tightening budgets on international conference and travelling expenses due to challenging economic environment in those countries have exerted downward pressure on the Hong Kong hotel industry as a whole.

With regard to the property market in Mainland China, the Central Government aim to mitigate risks and impacts arising from economic downturn by implementing a series of stimulating measures and adjusting economic development strategies. The Central Government is gradually shifting from the previous focus of rapid economic growth to new growth models and benefits from sound economic system and policies. Following a dual model, sufficient market liquidity is maintained by adopting relaxed monetary policies, such as low interest rate, to stimulate the economy, while sustainable economic development strategies are implemented through the Central Government's strengthened support to infrastructure construction and community welfare undertakings, in a bid to reduce over reliance on exports, increase consumption power per capita, stimulate domestic consumption and spending growth.

Wen Jiaobao, Premier of the State Council reiterated that the Central Government will continue to put efforts on property market regulation and low-income housing construction in the 2012 government's work report. Provided that quality is ensured, five million units of low-income housing will be completed and seven million units will commence construction. Low-income housing construction, allocation, administration and exit systems will be further optimised. Effective measures will be adopted to increase ordinary commodity housing supply, reform the property taxation system and promote steady and healthy development of the property market in the long run. On such development basis, the property and real estate markets in Mainland China are expected to undergo further consolidation. On the supply chain front, less competitive small-to-medium-sized enterprises will be eliminated, providing the market with solid foundation and outstanding enterprises with more room for development. On the demand chain front, low-income individuals will be given opportunities to move up to the middle-income class through low-income housing, nurturing new driving forces for the property market. Both of the foregoing will benefit market development in the long run.

In March 2012, the Central Government and the national financial institutions moderately adjusted control measures to increase market liquidity in response to community development and property market trend. As concrete demand for new purchases and upgrades increased given the low probability for a new round of control measures, the property market sentiment gradually picked up with higher transaction volume and stable property prices. Under the current global market conditions, it is generally anticipated that the Central Government, around the convening of the 18th National People's Congress, will adhere to its stable principle on economic development so as to prevent overheating and volatility in the market. Through eased relaxed monetary policies and persistent attitude towards the property market, initiatives will be taken to intensify and adjust macroeconomic measures already introduced in a timely manner. Efforts will also be put to boost domestic consumption and consumer demand, and actively promote trade balance, in a bid to maintain the stable development momentum of the overall economy and the overall focus to ensure healthy and steady development of the property market.

Since September 2012, Hang Seng Indexes Company Limited has moved New World Development from the Hang Seng Commerce and Industry Sub-index to the Hang Seng Properties Sub-index, and changed its industry classification from "Conglomerates" to "Properties and Construction". The indicative move of reclassifying New World Development from conglomerates category to property and construction category has demonstrated the Group's achievements in property development in Hong Kong over time and once again confirmed our determination of being a major property developer in Hong Kong.

In fact, satisfactory sales performance, as well as quality, design, sales and marketing of our projects, have proved the Group and the new management team's success in striving for improvement and optimizing the important procedures of property development. In addition, we take a step forward and actively review various procedures and operations of property development, strengthening and enhancing work efficiency of key procedures by formulating different indicators and strategies, thereby lifting our product value and brand image and fully putting into practice our philosophy of "We offer unique and we offer better ones".

Going forward, resources will be primarily invested in property operations in Hong Kong and Mainland China to develop "New Word" as a quality brand of major local property developer and maintain the strong growth momentum created through joint efforts of the new management team and all of the staff over time.

With respect to property development, the Group, as a property developer providing the public with quality housing, will diversify product types according to market needs, exercise strict control on product quality and design and cater to the needs of different home buyers with excellent products and superior services. Furthermore, the Group will keep a steady pace of property launch and sales, and timely launch projects according to its original schedule and market conditions, in a bid to ensure contributions from the property development segment to the Group's results, maintain sound stability and increase stakeholders' confidence on the New World property development brand.

The Group has planned to launch "COLLECTABLE RESIDENCES", a series of new and high quality residential projects in Hong Kong Island in 2013, including South Lane Project in Western District and Kwai Fong Street Project in Happy Valley. Together with Austin Station Project, situated at the core location of high-end residences in West Kowloon and adjacent to Hong Kong Terminal Station of Guangzhou-Shenzhen-Hong Kong Express Rail Link, and a number of diversified living communities in New Territories, several new projects to be launched in the market. Diversified product types and a layout focusing on projects in urban area are anticipated to make substantial contribution.

In order to ensure sufficient land supply for its property development and strategies planning in the long run, the Group will actively and seriously consider every opportunity to replenish its landbank. Whether through public auction, private acquisition or agricultural land conversion upon negotiation with the government, the Group will carry out in-depth research to moderately increase residential projects with good development potential and in line with the Group's development direction, thereby enhancing the strengths of the Group in respect of future development.

The Group has been pursuing to replenish its landbank through various means. For instance, three projects launched during the year, namely, The Signature, The Riverpark and Double Cove, were developed by way of old building redevelopment, joint development with MTRC and agricultural land conversion, respectively. Since land is valuable resource to property developers, the Group will adhere to its diversified land acquisition development model with equal emphasis on old building redevelopment, public auction and agricultural land conversion, so as to maintain a steady and quality pipeline of land banks to support property development and grow the property operations in Hong Kong.

With respect to value enhancement, the Group will strive to raise profit contributions from the Hong Kong property portfolio by reviewing its assets portfolio and gradually optimising the quality and services of its investment properties, in a bid to generate better return on assets. Taking Discovery Park Shopping Mall in the prime location in Tsuen Wan as an example, our team formulated an upgrade plan immediately after acquisition of the remaining 50% interest in the Shopping Mall in 2011, with an aim to upgrading the project and enhancing rental return through renovation and reorganisation of tenant mix. Besides, we actively reviewed our assets portfolio in recent years and sold non-core assets to raise capital for future property development. These initiatives have undoubtedly exerted positive effects on the Group's results and brand building.

With respect to property development in Mainland China, NWCL, the Group's flagship enterprise in property development in Mainland China, will continue to develop property operations in Mainland China by adopting diversified property development concepts, closely monitoring overall environment at home and abroad and adhering to our prudent management principle and innovative ideas. We will focus on development of our existing landbank, expedite development progress, improve production flow and strictly control costs through product standardisation and centralised regional procurement and timely adjust development plans based on market changes, so as to achieve rapid sales and high turnover. We will offer unit types catering to the actual needs of the market and the mass public, as well as deluxe, superior and multi-functional products catering to the lifting lifestyle in Mainland China.

The Group is committed to optimising its property development operations in Hong Kong and Mainland China. In a bid to grasp opportunities and overcome challenges ahead, we will come up with new concepts and equip ourselves on an ongoing basis as well as adopt flexible means, create innovative ideas and set clear objectives. The new management team and our staff are working well with mutual understanding after a period of cooperation. In the coming future, we will fully leverage on our team spirit, work diligently with clear objectives and move forward with the Group hand in hand to build New World as a renowned brand for superior property development.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Audit Committee was established in accordance with requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee has reviewed the systems of internal control and the financial statements for the year ended 30 June 2012.

The financial data in respect of this results announcement of the Group's results for the year ended 30 June 2012 have been agreed by the Company's joint auditors, PricewaterhouseCoopers and H. C. Watt & Company Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the joint auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the joint auditors on this results announcement.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code", effective until 31 March 2012) and the Corporate Governance Code (the "Revised Code", effective from 1 April 2012) contained in Appendix 14 of the Listing Rules for the year ended 30 June 2012 except for the following deviation.

As required under code provision A.5.4 of the CG Code (A.6.4 of the Revised Code), the Board should establish written guidelines no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for relevant employees in respect of their dealings in the securities of the Company. The Board has established guidelines for employees in respect of their dealings in the securities of the Company but they are not on no less exacting terms than the Model Code. Such deviation from the CG Code/Revised Code is mainly because the Company currently has about 47,000 employees and operates in diversified businesses, it will cause immense administrative burden for processing written notifications from the relevant employees by the Company if it shall follow the exact guidelines of the Model Code.

RETIREMENT OF ONE OF THE JOINT AUDITORS

The Board announces that the Company has been notified by H. C. Watt & Company Limited, one of the joint auditors of the Company, that due to its decision to implement a voluntary cessation of its corporate practice business in the course of next year, it will not seek for re-appointment at the forthcoming annual general meeting of the Company. Accordingly, the appointment of H. C. Watt & Company Limited as one of the joint auditors of the Company will continue until its retirement at the conclusion of the 2012 AGM. A resolution will be proposed at the 2012 AGM to re-appoint Messrs. PricewaterhouseCoopers, being the other retiring auditor of the Company, as the sole auditor of the Company.

The Company has received a confirmation letter from H. C. Watt & Company Limited confirming that there are no matters connected with its retirement that it considers should be brought to the attention of the shareholders of the Company. The Board confirms that there are no matters in respect of the retirement of H. C. Watt & Company Limited that need to be brought to the attention of the shareholders of the Company.

Dr. Cheng Kar-Shun, Henry
Chairman

Hong Kong, 26 September 2012

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