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 2014/2015

RESULTS

The board of directors (the "Board") of New World Development Company Limited (新世界發展有限公司) (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 2015 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 30 June 2015

	Note	**2015** **HK$m**	2014 HK$m
Revenues	2	**55,245.0**	56,501.1
Cost of sales		**(35,939.0)**	(34,947.6)
Gross profit		**19,306.0**	21,553.5
Other income		**31.8**	247.2
Other gains, net		**15,276.4**	2,313.0
Selling and marketing expenses		**(1,957.9)**	(1,675.4)
Administrative and other operating expenses		**(7,850.9)**	(7,040.7)
Changes in fair value of investment properties		**3,165.5**	1,425.5
Operating profit	3	**27,970.9**	16,823.1
Financing income		**1,130.2**	1,083.5
Financing costs		**(1,621.9)**	(1,927.1)
		27,479.2	15,979.5
Share of results of			
Joint ventures		**4,319.2**	1,994.5
Associated companies		**(661.9)**	1,102.0
Profit before taxation		**31,136.5**	19,076.0
Taxation	4	**(4,264.4)**	(5,738.2)
Profit for the year		**26,872.1**	13,337.8
Attributable to:			
Shareholders of the Company		**19,112.0**	9,725.4
Non-controlling interests		**7,760.1**	3,612.4
		26,872.1	13,337.8
Earnings per share	5		
Basic		**HK$2.17**	HK$1.37
Diluted		**HK$2.17**	HK$1.37

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2015

	2015	2014
	HK$m	HK$m
Profit for the year	**26,872.1**	13,337.8
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Revaluation of investment properties upon reclassification from property, plant and equipment and land use rights	**303.4**	3.9
- deferred tax arising from revaluation thereof	**(7.5)**	(1.0)
Remeasurement of post employment benefit obligation	**3.6**	(3.5)
Reversal of reserve upon reclassification of an available-for-sale financial asset as an associated company	**717.2**	-
Items that had been reclassified/may be reclassified subsequently to profit or loss		
Fair value changes of available-for-sale financial assets	**295.2**	(744.1)
- deferred tax arising from fair value changes thereof	**(58.0)**	100.0
Release of investment revaluation deficit to the income statement upon impairment of available-for-sale financial assets	-	3.4
Release of reserve upon disposal of available-for-sale financial assets	**(138.9)**	43.3
Release of reserve upon disposal of subsidiaries	**(14.0)**	(86.8)
Release of reserve upon deemed disposal of interests in joint ventures and disposal of interests in an associated company	-	(121.4)
Release of reserve upon partial disposal of interest in an associated company	**(46.6)**	-
Share of other comprehensive income of joint ventures and associated companies	**(303.3)**	(403.4)
Cash flow hedges	**(1.1)**	15.8
Translation differences	**(190.9)**	(885.9)
Other comprehensive income for the year	**559.1**	(2,079.7)
Total comprehensive income for the year	**27,431.2**	11,258.1
Attributable to:		
Shareholders of the Company	**19,704.2**	8,292.0
Non-controlling interests	**7,727.0**	2,966.1
	27,431.2	11,258.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	**2015** **HK$m**	2014 HK$m
ASSETS			
Non-current assets			
Investment properties		**91,625.0**	77,384.6
Property, plant and equipment		**20,483.8**	18,290.8
Land use rights		**2,343.4**	2,374.7
Intangible concession rights		**14,797.8**	15,584.4
Intangible assets		**2,864.1**	4,662.5
Interests in joint ventures		**49,451.9**	45,748.2
Interests in associated companies		**17,731.7**	16,994.0
Available-for-sale financial assets		**6,909.2**	4,729.4
Held-to-maturity investments		**41.4**	40.9
Financial assets at fair value through profit or loss		**847.0**	607.6
Derivative financial instruments		**39.5**	39.5
Properties for development		**26,604.5**	25,242.5
Deferred tax assets		**673.3**	764.7
Other non-current assets		**1,770.4**	1,572.5
		236,183.0	214,036.3
Current assets			
Properties under development		**51,578.4**	48,713.4
Properties held for sale		**26,375.5**	20,266.7
Inventories		**707.5**	561.0
Debtors and prepayments	6	**21,227.9**	23,258.1
Financial assets at fair value through profit or loss		**0.2**	0.6
Derivative financial instruments		**30.4**	45.1
Restricted bank balances		**113.5**	97.4
Cash and bank balances		**59,351.7**	61,725.8
		159,385.1	154,668.1
Non-current assets classified as assets held for sale	7	**2,362.6**	523.0
		161,747.7	155,191.1
Total assets		**397,930.7**	369,227.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	**2015** **HK$m**	2014 HK$m
EQUITY			
Share capital		**66,711.6**	63,761.3
Reserves		**112,207.0**	96,047.0
Shareholders' funds		**178,918.6**	159,808.3
Non-controlling interests		**43,439.4**	40,468.2
Total equity		**222,358.0**	200,276.5
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**83,638.4**	88,229.9
Deferred tax liabilities		**9,288.0**	9,011.9
Derivative financial instruments		**847.4**	864.6
Other non-current liabilities		**795.8**	774.0
		94,569.6	98,880.4
Current liabilities			
Creditors and accrued charges	8	**40,605.5**	31,299.5
Current portion of long-term borrowings		**27,256.9**	23,485.4
Short-term borrowings		**6,261.2**	8,863.8
Current tax payable		**5,951.6**	6,421.8
		80,075.2	70,070.5
Liabilities directly associated with non-current assets classified as assets held for sale	7	**927.9**	-
		81,003.1	70,070.5
Total liabilities		**175,572.7**	168,950.9
Total equity and liabilities		**397,930.7**	369,227.4
Net current assets		**80,744.6**	85,120.6
Total assets less current liabilities		**316,927.6**	299,156.9

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 standards, amendments to standards and interpretation

The Group has adopted the following revised standards, amendments to standards and interpretation which are relevant to the Group's operations and are mandatory for the financial year ended 30 June 2015:

HKAS 32 (Amendment)	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) - Int 21	Levies
Amendments to HKAS 19 (Revised 2011)	Employee Benefits: Defined Benefit Plans - Employee Contributions
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011)	Investment Entities
Annual Improvements Project	Annual Improvements 2010-2012 Cycle
Annual Improvements Project	Annual Improvements 2011-2013 Cycle

The adoption of these revised standards, amendments to standards and interpretation does not have any significant effect on the results and financial position of the Group.

(b) Standards and amendments to standards which are not yet effective

The following new standards and amendments to standards are mandatory for accounting periods beginning on or after 1 July 2015 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2016:

HKFRS 14	Regulatory Deferral Accounts
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Annual Improvements Projects	Annual Improvements 2012-2014 Cycle

Effective for the year ending 30 June 2017 or after:

HKFRS 9 (2014)	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

The Group has already commenced an assessment of the impact of these new standards and amendments to standards, 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.

(c) Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2. Revenues and segment information

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

	2015 **HK$m**	2014 HK$m
Revenues		
Property sales	**25,681.9**	29,329.2
Rental	**2,401.5**	2,348.3
Contracting	**8,456.7**	7,122.3
Provision of services	**7,387.3**	6,664.5
Infrastructure operations	**2,470.7**	2,345.8
Hotel operations	**4,060.8**	3,751.4
Department store operations	**3,913.0**	3,975.4
Others	**873.1**	964.2
Total	**55,245.0**	56,501.1

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 perspectives, which comprises property development, property investment, service, infrastructure, hotel operations, department stores and others (including telecommunication, media and technology and other strategic 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	Others HK$m	Consolidated HK$m
2015								
Total revenues	25,759.9	2,641.4	23,562.5	2,470.7	4,078.0	3,933.0	1,039.6	63,485.1
Inter-segment	(78.0)	(239.9)	(7,718.5)	-	(17.2)	(20.0)	(166.5)	(8,240.1)
Revenues - external	25,681.9	2,401.5	15,844.0	2,470.7	4,060.8	3,913.0	873.1	55,245.0
Segment results	6,804.1	1,418.4	946.0	1,057.9	323.6	307.4	(136.4)	10,721.0
Other gains, net	1,046.8	(0.1)	830.1	45.2	13,240.7	(192.9)	306.6	15,276.4
Changes in fair value of investment properties	-	2,874.7	290.8	-	-	-	-	3,165.5
Unallocated corporate expenses								(1,192.0)
Operating profit								27,970.9
Financing income								1,130.2
Financing costs								(1,621.9)
								27,479.2
Share of results of								
Joint ventures (Note a)	1,334.3	564.9	77.3	2,547.1	(78.9)	-	(125.5)	4,319.2
Associated companies (Note b)	(5.6)	289.2	(1,298.7)	355.6	-	-	(2.4)	(661.9)
Profit before taxation								31,136.5
Taxation								(4,264.4)
Profit for the year								26,872.1
Segment assets	118,553.4	91,514.2	11,936.3	16,690.2	13,808.3	6,492.6	11,543.7	270,538.7
Interests in joint ventures	12,355.0	12,312.7	3,125.2	14,576.0	6,200.9	-	882.1	49,451.9
Interests in associated companies	992.1	2,819.9	6,499.1	7,108.0	1.1	-	311.5	17,731.7
Unallocated assets								60,208.4
Total assets								397,930.7
Segment liabilities	25,909.1	1,073.3	8,259.1	751.3	540.0	4,061.2	1,735.2	42,329.2
Unallocated liabilities								133,243.5
Total liabilities								175,572.7
Additions to non-current assets (Note c)	7,167.9	10,843.5	235.5	64.6	2,085.6	386.4	1,848.3	22,631.8
Depreciation and amortisation	97.3	25.6	174.0	841.1	654.7	410.5	110.8	2,314.0
Impairment charge and provision	-	-	-	-	465.2	123.2	117.1	705.5

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	Others HK$m	Consolidated HK$m
2014								
Total revenues	29,367.1	2,625.6	20,604.7	2,345.8	3,751.4	3,975.4	1,168.2	63,838.2
Inter-segment	(37.9)	(277.3)	(6,817.9)	-	-	-	(204.0)	(7,337.1)
Revenues - external	29,329.2	2,348.3	13,786.8	2,345.8	3,751.4	3,975.4	964.2	56,501.1
Segment results	9,540.8	1,507.1	913.8	1,085.0	511.9	543.2	13.9	14,115.7
Other gains, net	160.0	(34.8)	89.1	603.8	(135.9)	(24.0)	1,654.8	2,313.0
Changes in fair value of investment properties	-	1,314.1	111.4	-	-	-	-	1,425.5
Unallocated corporate expenses								(1,031.1)
Operating profit								16,823.1
Financing income								1,083.5
Financing costs								(1,927.1)
								15,979.5
Share of results of								
Joint ventures	26.1	698.5	225.1	1,253.8	(151.6)	-	(57.4)	1,994.5
Associated companies	20.0	241.9	387.3	179.4	1.1	-	272.3	1,102.0
Profit before taxation								19,076.0
Taxation								(5,738.2)
Profit for the year								13,337.8
Segment assets	108,579.2	76,806.2	11,617.0	18,112.1	13,928.4	7,048.1	7,721.7	243,812.7
Interests in joint ventures	13,411.4	11,796.5	3,490.5	15,281.2	1,184.7	-	583.9	45,748.2
Interests in associated companies	987.6	2,669.2	7,726.6	5,369.8	1.1	-	239.7	16,994.0
Unallocated assets								62,672.5
Total assets								369,227.4
Segment liabilities	16,521.7	1,099.5	6,056.2	814.7	929.1	4,491.5	2,160.8	32,073.5
Unallocated liabilities								136,877.4
Total liabilities								168,950.9
Additions to non-current assets (Note c)	7,915.0	4,092.6	239.5	14.2	2,849.3	1,049.7	1,035.9	17,196.2
Depreciation and amortisation	67.2	11.0	150.4	768.1	530.9	391.6	353.8	2,273.0
Impairment charge and provision	-	-	-	-	125.9	-	101.8	227.7

2. Revenues and segment information (continued)

	Revenues HK$m	Non-current assets (Note c) HK$m
2015		
Hong Kong	**29,907.9**	**81,469.7**
Mainland China	**24,360.5**	**76,854.2**
Others	**976.6**	**394.7**
	55,245.0	**158,718.6**
2014		
Hong Kong	26,688.3	68,410.4
Mainland China	28,606.7	72,424.4
Others	1,206.1	2,704.7
	56,501.1	143,539.5

Notes :

(a) The amount in the infrastructure segment includes (i) the Group's share of gain of HK$1,549.9 million arising from the disposal of its indirect interest in Companhia de Electricidade de Macau – CEM, S.A. and (ii) the Group's share of impairment loss of HK$300.0 million for Guangzhou Dongxin Expressway for the year ended 30 June 2015.

(b) The amount in the service segment includes an impairment loss of HK$1,779.4 million made for the Group's interest in Newton Resources Ltd, a listed associated company, for the year ended 30 June 2015.

(c) Non-current assets represent non-current assets other than financial instruments (financial instruments include interests in joint ventures 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:

	2015 HK$m	2014 HK$m
Other investment income	**31.8**	247.2
Gain on deemed disposal of interests in joint ventures	-	594.3
Gain on deemed disposal of interest in an associated company	**50.7**	-
Gain on deemed disposal of interests in subsidiaries	-	31.4
Gain on partial disposal of interests in subsidiaries and remeasurement of retained interest at fair value after reclassification to a joint venture	**13,709.2**	-
Gain on remeasurement of an available-for-sale financial asset retained at fair value upon reclassification from an associated company	**914.0**	-
Gain on remeasurement of previously held interest of a joint venture at fair value upon further acquisition to become a subsidiary	**986.6**	67.3
Net gain/(loss) on disposal of		
Available-for-sale financial assets	**66.2**	198.2
Non-current assets classified as assets held for sale	**30.3**	(46.0)
Associated companies	**(137.9)**	1,749.4
Financial assets at fair value through profit or loss	**(23.5)**	-
Investment properties and property, plant and equipment	**(63.2)**	41.3
Joint ventures	-	18.6
Subsidiaries	**18.0**	119.8
Cost of inventories sold	**(19,709.2)**	(20,970.6)
Cost of services rendered	**(13,177.9)**	(11,290.5)
Depreciation and amortisation	**(2,314.0)**	(2,273.0)
Impairment loss on		
Available-for-sale financial assets	**(11.8)**	(6.6)
Intangible assets	**(100.5)**	(125.9)
Loans and other receivables	**(61.2)**	(91.1)
Property, plant and equipment	**(532.0)**	(4.1)
Net exchange gain/(loss)	**93.8**	(344.1)

4. Taxation

	2015 **HK$m**	2014 HK$m
Current taxation		
Hong Kong profits tax	**623.9**	864.0
Mainland China and overseas taxation	**1,706.6**	2,069.4
Mainland China land appreciation tax	**1,667.6**	2,425.0
Deferred taxation		
Valuation of investment properties	**178.5**	143.8
Other temporary differences	**87.8**	236.0
	4,264.4	5,738.2

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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 operates. These rates range from 9% to 25% (2014: 9% to 25%).

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2014: 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 joint ventures and associated companies is stated after deducting the share of taxation of joint ventures and associated companies of HK$1,085.8 million and HK$191.7 million (2014: HK$942.1 million and HK$121.8 million) respectively.

5. Earnings per share

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

	2015 **HK$m**	2014 HK$m
Profit attributable to shareholders of the Company	**19,112.0**	9,725.4
Effect of dilutive potential ordinary shares in respect of convertible bonds issued by a subsidiary:		
Interest expense	-	342.5
Adjustment on the effect of dilution in the results of subsidiaries	**(1.7)**	(2.5)
Profit for calculating diluted earnings per share	**19,110.3**	10,065.4

	Number of shares (million)	
	2015	2014
Weighted average number of shares for calculating basic earnings per share	**8,790.3**	7,102.5
Effect of dilutive potential ordinary shares upon the conversion of convertible bonds	-	257.1
Effect of dilutive potential ordinary shares upon the exercise of share options	**2.0**	5.5
Weighted average number of shares for calculating diluted earnings per share	**8,792.3**	7,365.1

Diluted earnings per share for the year ended 30 June 2014 assumed the effects of conversion of convertible bonds, which were redeemed by the Group on 4 June 2014, and exercise of share options outstanding during the year since they would have a dilutive effect.

Diluted earnings per share for the year ended 30 June 2015 assumed the effect of exercise of share options outstanding during the year since it would have a dilutive effect.

6. Trade debtors

Aging analysis of trade debtors based on invoice date is as follows:

	2015 **HK$m**	2014 HK$m
Current to 30 days	**2,859.5**	3,751.6
31 to 60 days	**595.1**	731.1
Over 60 days	**1,447.2**	1,959.7
	4,901.8	6,442.4

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 non-current assets classified as assets held for sale

Non-current assets classified as assets held for sale

	2015 **HK$m**	2014 HK$m
Listed securities		
Equity securities listed in Hong Kong	**7.8**	7.8
Investment properties	**257.0**	131.1
Interests in an associated company (Note a)	**-**	384.1
Assets of the Disposal Group classified as held for sale (Note b)	**2,097.8**	-
	2,362.6	523.0

Liabilities directly associated with non-current assets classified as assets held for sale

	2015 **HK$m**	2014 HK$m
Liabilities of the Disposal Group classified as held for sale (Note b)	**927.9**	-

Notes:

(a) On 26 May 2014, a subsidiary of the Group entered into an agreement with a related party to dispose of all of its interests in an associated company for a consideration of approximately HK$425.0 million. The transaction was completed in July 2014.

(b) New World Hotel Management (BVI) Limited (“NWHM”), its subsidiaries and a joint venture (the “Disposal Group”) are engaged in provision of worldwide hotel management services, which is not the core business of New World China Land Limited (“NWCL”, a subsidiary of the Group). The Board of Directors of NWCL believes that the disposal of the NWHM, its subsidiaries and a joint venture (the “NWHM Disposal”) will enable NWCL to realise its investment in non-core business and focus its resources on the operation of its existing core businesses of property development and investment in the PRC. The negotiation for the NWHM Disposal was in final stage in June 2015 and NWCL announced the NWHM Disposal on 3 July 2015. Subject to the fulfillment of several conditions precedent, the completion of the NWHM Disposal shall take place on or before 31 December 2015.

As at 30 June 2015, the assets and liabilities related to the Disposal Group have been classified as assets held for sale and liabilities directly associated with assets held for sale.

8. Trade creditors

Aging analysis of trade creditors based on invoice date is as follows:

	2015	2014
	HK$m	HK$m
Current to 30 days	**8,869.1**	7,301.1
31 to 60 days	**670.7**	751.5
Over 60 days	**1,548.3**	1,342.9
	11,088.1	9,395.5

9. Pledge of assets

As at 30 June 2015, the assets with an aggregated amount of HK$61,374.1 million (2014: HK$69,714.0 million) were pledged as securities for certain banking facilities of the Group.

10. Contingent liabilities

The Group's financial guarantee contracts and share of contingent liabilities of joint ventures as at 30 June 2015 amounted to HK$7,954.1 million (2014: HK$8,252.1 million) and HK$19.4 million (2014: HK$16.8 million) respectively.

11. Event subsequent to year end

On 3 July 2015, New World Development (China) Limited ("NWDC"), a wholly-owned subsidiary of NWCL, has entered into the Sales and Purchase Agreement with Chow Tai Fook Enterprises Limited ("CTFE") to sell its entire equity interest in NWHM together with related outstanding shareholder's loan and accrued interest due and owing by NWHM to NWDC for an aggregate cash consideration of HK$1,963.0 million as refer to note 7(b). Subject to the fulfillment of several conditions precedent, the disposal is expected to be completed on or before 31 December 2015 at a gain of approximately HK$844.0 million.

DIVIDENDS

The Directors have resolved to recommend a final dividend for the year ended 30 June 2015 of HK$0.30 per share (2014: HK$0.30 per share) to shareholders whose names appear on the register of members of the Company on 23 November 2015. Together with the interim dividend of HK$0.12 per share, the total dividend for the financial year ended 30 June 2015 is HK$0.42 per share (2014: HK$0.42 per share).

The Directors propose that shareholders be given the option to receive the final dividend in new shares in lieu of cash. The scrip dividend arrangement is subject to (1) the approval of the proposed final dividend at the annual general meeting to be held on 18 November 2015 ("2015 AGM"); and (2) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of and permission to deal in the new shares to be issued pursuant to this proposal. A circular containing the details of the scrip dividend arrangement will be despatched to shareholders together with the form of election for scrip dividend on or about 25 November 2015. It is expected that the final dividend warrants and share certificates for the scrip dividend will be despatched to shareholders on or about 29 December 2015.

BOOK CLOSE DATES FOR 2015 AGM

Book close dates (both days inclusive)	:	11 November 2015 to 18 November 2015
Latest time to lodge transfers with Share Registrar	:	4:30 p.m. on Tuesday, 10 November 2015
Address of Share Registrar	:	Tricor Tengis Limited, Level 22, Hopewell Centre, 183 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, 23 November 2015
Address of Share Registrar	:	Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

EMPLOYEES

At 30 June 2015, around 48,000 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.

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 2015.

The financial data in respect of this results announcement of the Group's results for the year ended 30 June 2015 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the auditor 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 auditor on this results announcement.

CORPORATE GOVERNANCE CODE

Throughout the year ended 30 June 2015, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, with the exception of code provision A.6.4.

Code provision A.6.4 is in relation to guidelines for securities dealings by relevant employees. As required under code provision A.6.4, the Board should establish for its relevant employees 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 in respect of their dealings in the securities of the Company. Instead of following the Model Code strictly, the Board has established its own guidelines which are not on no less exacting terms than the Model Code. Such deviation from the CG Code is considered necessary, mainly because of the huge size of employees of the Group which is around 48,000, and the Group's diversified businesses. For these reasons, to follow the exact guidelines of the Model Code will cause immense administrative burden to the Company in processing written notifications from the relevant employees when they deal in the securities of the Company, which can be avoided under the Company's own guidelines.

REQUIREMENT IN CONNECTION WITH PUBLICATION OF "NON-STATUTORY ACCOUNTS" UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE CAP. 622

The financial information relating to the years ended 30 June 2015 and 30 June 2014 included in this preliminary announcement of annual results 2014/2015 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company had delivered the financial statements for the year ended 30 June 2014 to the Registrar of Companies as required by the predecessor Hong Kong Companies Ordinance (Cap. 32) section 109 (3). The Company will deliver the financial statements for the year ended 30 June 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance in due course.

The Company's auditor had reported on those financial statements of the Group for both years. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

MAJOR ACQUISITIONS AND DISPOSALS

1. On 15 May 2014, Sino-French Holdings (Hong Kong) Limited ("SFH", a 50% owned joint venture of NWS Holdings Limited ("NWSH")) and a third party entered into a conditional share purchase agreement pursuant to which SFH agreed to sell 90% of the issued share capital in Sino-French Energy Development Company Limited ("SFED") together with the assignment of the shareholder loans owed by SFED to SFH at an aggregate cash consideration of US$612.0 million (equivalent to HK$4,755.2 million) (the "Macau Power Disposal"). SFED owns approximately 42.2% interest in Companhia de Electricidade de Macau – CEM, S.A. ("Macau Power"). The Macau Power Disposal was completed on 15 July 2014 and the gain shared by NWSH for the year ended 30 June 2015 amounted to approximately HK$1.5 billion.

2. On 17 October 2014, Direct Way International Limited, a wholly-owned subsidiary of the Group, entered into a sale and purchase agreement with Springmount Limited ("Springmount") to purchase (i) the entire issued share capital of Klampton Limited ("Klampton") and (ii) shareholder's loan owing from Klampton to Springmount at a total cash consideration of approximately HK$1,650.0 million (the "Klampton Acquisition"). As at the date of the Klampton Acquisition, Klampton is principally engaged in the investment holding and through its subsidiary held an investment property in Hong Kong. The Klampton Acquisition was completed on 10 April 2015 and the investment in Klampton is accounted for as a subsidiary of the Group.

3. On 27 January 2015, Ballina Enterprises Limited ("Ballina"), a wholly-owned subsidiary of the Group, entered into a conditional sale and purchase agreement with Cheung Hung Development (Holdings) Limited ("Cheung Hung"), an associate of Chow Tai Fook Enterprises Limited ("CTFE"), to purchase (i) 40% of the entire issued share capital of Sunbig Limited ("Sunbig") and (ii) certain unsecured and non-interest bearing shareholder's loan owing from Sunbig to Cheung Hung at a total cash consideration of approximately HK$1,779.0 million (the "Sunbig Acquisition"). As at the date of the Sunbig Acquisition, Sunbig is principally engaged in the investment holding and through its subsidiary held certain properties in Hong Kong and is owned as to 50% by Ballina, 40% by Cheung Hung and 10% by Good Step Profits Limited, which is a substantial shareholder of certain subsidiaries of the Group. The Sunbig Acquisition was completed on 30 January 2015 and the investment in Sunbig is accounted for as a subsidiary of the Group.

4. On 30 January 2015, Natal Global Limited, an indirectly wholly-owned subsidiary of NWSH, entered into a share purchase agreement to purchase (i) 40% of the total issued share capital of Goshawk Aviation Limited ("Goshawk"); and (ii) certain outstanding loan notes together with accrued and unpaid interest thereon from Zion Sky Holdings Limited, a wholly-owned subsidiary of CTFE, at a total cash consideration of approximately US$222.5 million (equivalent to approximately HK$1,724.4 million) (the "Goshawk Acquisition"). Goshawk is principally engaged in the investment of commercial aircraft on lease to operating lessees. The Goshawk Acquisition was completed on 2 February 2015 and the investment in Goshawk is accounted for as an associated company of the Group.

5. On 29 April 2015, the Company and its subsidiaries, namely Beames Holdings Limited ("Beames"), Park New Astor Hotel Limited and Great TST Limited, entered into agreements with HIP Company Limited ("HIP"), a wholly-owned subsidiary of the Abu Dhabi Investment Authority, to establish a new joint venture company (the "JVC") in which Beames and HIP will each (directly or indirectly) hold 50% of the issued share capital and into which the entire ownership of three hotels, namely, Grand Hyatt Hong Kong, Renaissance Harbour View and Hyatt Regency, Tsim Sha Tsui will be injected with effect from the completion of the agreements (the "Sale and Transfer"). The total consideration for the Sale and Transfer is HK$18.5 billion (subject to customary closing adjustments). The Sale and Transfer was completed on 15 June 2015 and resulted in a total gain on disposal, before taxation and share of non-controlling interests, of approximately HK$15.0 billion, out of which HK$13.7 billion was recognised as other gains, net and HK$1.3 billion was recognised as gross profit in the consolidated income statement. The investment in the JVC is accounted for as a joint venture of the Group.

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

	FY2015 **HK$m**	FY2014 HK$m
Consolidated net debt	**53,539.1**	54,738.8
NWSH (stock code: 0659)	**6,389.1**	10,030.6
NWCL (stock code: 0917)	**27,255.6**	19,856.2
NWDS – net cash and bank balances (stock code: 0825)	**(408.8)**	(830.3)
Net debt (exclude listed subsidiaries)	**20,303.2**	25,682.3

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 attributed 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 swaps to hedge part of the Group's underlying interest rate and foreign exchange exposure. As at 30 June 2015, the Group had outstanding derivative instruments in the amounts of HK$5,800.0 million and US$600.0 million (equivalent to approximately HK$4,662.0 million). As at 30 June 2015, the Group had outstanding foreign currency swap contracts in the amounts of US$20.0 million (equivalent to approximately HK$155.4 million).

During the year, a subsidiary of the Group issued US$900.0 million bonds (equivalent to approximately HK$6,993.0 million) and HK$1,071.0 million bonds at fixed rates ranging from 4.75% to 5.375% due in 2019 and 2022 respectively.

The RMB1,000.0 million 2.75% guaranteed bonds due 2014, which were issued by a subsidiary of the Group and listed on The Singapore Exchange Securities Trading Limited, matured on 14 July 2014. Such bonds were fully redeemed by that subsidiary of the Group at their principal amount on the said maturity date.

The RMB4,300.0 million 8.5% bonds due 2015, which were issued by a subsidiary of the Group and listed on the Stock Exchange of Hong Kong Limited, matured on 13 April 2015. Such bonds were fully redeemed by that subsidiary of the Group at their principal amount on the said maturity date and there was no outstanding balance of such bonds as at 30 June 2015.

As at 30 June 2015, the Group's cash and bank balances (including restricted bank balances) stood at HK$59,465.2 million (2014: HK$61,823.2 million) and the consolidated net debt amounted to HK$53,539.1 million (2014: HK$54,738.8 million). The net debt to equity ratio was 24.1%, a decrease of 3.2 percentage points as compared with FY2014.

As at 30 June 2015, the Group's long-term bank loans, other loans and fixed rate bonds amounted to HK$109,726.7 million. Short-term bank and other loans as at 30 June 2015 were HK$3,277.6 million. The maturity of bank loans, other loans, and fixed rate bonds as at 30 June 2015 was as follows:

	HK$m
Within one year	**30,534.7**
In the second year	**16,656.8**
In the third to fifth year	**50,128.3**
After the fifth year	**15,684.5**
	113,004.3

As at 30 June 2015, the Group's assets of HK$61,374.1 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 2015 increased to HK$222,358.0 million against HK$200,276.5 million as at 30 June 2014.

BUSINESS REVIEW

Hong Kong Property Development

In 2014, the enormous demand for self-occupied flats, along with the HKSAR government's proposed relaxation of the double ad valorem stamp duty for home upgraders, contributed positively to the sales performance of Hong Kong residential properties. The transaction amounts of first-hand sales and purchases of private residential units in 2014 represented an all-time record high for the past 19 years since 1996. Stepping into 2015, the sound sales momentum continued, where premium projects at prime locations have been highly sought after by home buyers. Most property developers were eager to provide various concessionary offers or adopt a close-to-market pricing strategy to expedite sales, boosting the market sentiment of home purchases.

To counteract the downside risk arising from excessive pace of development of the residential property market and to safeguard the stability of the banking system, on 27 February 2015, the Hong Kong Monetary Authority announced the seventh round of measures on risk control to the property market, including lowering the maximum loan-to-value ratio for self-use residential properties valued below HK$7.0 million, the maximum debt-servicing ratio for borrowers acquiring a second residential property for self-use and the maximum debt-servicing ratio for mortgage loans of all types of non-self-use properties. The maximum loan-to-value ratios under the Mortgage Insurance Programme offered by the Hong Kong Mortgage Corporation Limited was also tightened, dropping from the former maximum of 90% to 80%, despite exemption being available to first-time dwelling buyers who meet the new income requirements.

It is generally considered by the market that the new round of measures curbing property market risks shall effectively assist banks in their risk management and control for mortgage loans granted for the purchase of residential properties. On sales front, the transaction volume in the residential property market swiftly regained momentum after a period of adaptation to the new policies, given the sustained excess demand where homebuyers, especially those with rigid demand as well as first-time dwelling buyers, flocked to products with premium quality and attractive cost performance; and in view of the strong desire of those people who were attracted by the prevailing ultra-low interest rate for imminent home purchases prior to the anticipated interest rate hike in Hong Kong by the end of 2015 after the United States. The number and value of agreements for sale and purchase of first-hand private residential properties registered in the first half of 2015 increased by 24.5% and 42.6% respectively compared to the same period last year.

By carefully planning every step and process in project development, and finely blending artisanal elements to exemplify the tastes and atmosphere embraced by the projects, the Group strives to design customer-centric products which we are proud of and will be the best choice to home buyers.

Together with the attributable revenue from the joint-development projects, the Group's revenue and segment contributions from property development in Hong Kong during the year under review amounted to HK$10,389.2 million and HK$3,295.1 million respectively, representing an increase of 8.6% and 58.5% year-on-year. The contributions from property sales was mainly attributable to the sales of residential units recognised within this financial year, including "The Austin" and "Grand Austin" in Southwest Kowloon, "EIGHT SOUTH LANE" in Kennedy Town, "The Woodside" in Yuen Long and "Double Cove Starview" in Ma On Shan, together with the sales of residential projects completed in previous financial years including "Park Signature", "The Woodsville" and "The Reach" in Yuen Long, "The Masterpiece" in Tsim Sha Tsui and "Double Cove" in Ma On Shan.

During the year under review, the Group has already surpassed FY2015 attributable contracted sales target in Hong Kong of HK$12.0 billion, attaining HK$17.2 billion. If the period is calculated from January 2014 to December 2014, the Group's attributable contracted sales in Hong Kong would have amounted to HK$22.3 billion.

"Grand Austin" in South-west Kowloon, which is a large-scale and high-end development in close proximity to the Hong Kong terminus of the future Guangzhou-Shenzhen-Hong Kong Express Rail Link, was launched in June 2014 with overwhelming market responses, over 99% of the residential units were sold as at 13 September 2015.

”THE PAVILIA HILL”, a contemporary and premium project on Tin Hau Temple Road in North Point, was launched in October 2014. This key project has been uniquely designed to incorporate artisanal elements. Under the delicacy of Shunmyo Masuno, a renowned landscape designer, and Koichiro Ikebuchi, an interior designer, the project brings in a unique and cosy feeling for occupants. The project is highly appealing to home buyers and has received an overwhelming response since its first launch. Over 93% of the residential units were sold as at 13 September 2015.

“Double Cove Starview Prime”, another new launch around the same time as “THE PAVILIA HILL”, is a joint development project in Ma On Shan that the Group has 32% stake and provides a total of 1,092 residential units. It is in close proximity to Wu Kai Sha MTR station and is directly accessible from Ma On Shan Bypass. Over 70% of the residential units were sold as at 13 September 2015.

The Group has actively reviewed the pace of launching new residential projects by assessing market conditions and the needs of the home-buyers, to bring strong momentum to the Group’s Hong Kong property sales business.

In July 2015, the Group launched “SKYPARK” in Mong Kok, which offers a total of 439 residential units. Strategically located at the core district of Kowloon, the project enjoys geographical advantage. With numerous artisanal elements incorporated in its design, the project has a sky clubhouse named THE AURORA, which was created by Rob Wagemans, a renowned Dutch designer, together with his team, and comprises an indoor swimming pool, poolside seating and a library. The project also includes a sky garden named THE LAWN, comprising an outdoor rest garden, barbeque area and a herb farm, where occupants can leisurely gather together and have fun while enjoying the unique picnic experience in a sky garden.

Double Cove Grandview, the phase 4 construction under the “Double Cove” series in Ma On Shan, was launched in August 2015, offering a total of 474 residential units.

“MOUNT PAVILIA”, which is another key project of the Group on Clear Water Bay Road, will provide 680 residential units offering a blended mix of layouts. This luxury hillside project is found to be rare besides the ones at the Peak. It is expected to draw strong interest from the market.

Leveraging its brand equity in Yuen Long where a number of new projects with outstanding sales performance had been launched in recent years, the Group will roll out “THE PARKHILL” which offers a total of 141 residential units with the primary focus on 2-bedroom and 3-bedroom layouts in addition to a small portion of 1-bedroom units.

Apart from the aforesaid projects, the Group also plans to launch its “BOHEMIAN HOUSE” in Western District, “FLEUR PAVILIA” in North Point, “Double Cove” Phase 5 in Ma On Shan, No. 55 Conduit Road in Mid-levels, and the remaining special units of “The Masterpiece” in Tsim Sha Tsui.

The Group’s residential properties sales recorded during the year from 1 July 2014 to 30 June 2015:

Name of project	**Source of land**	**NWD interest**	**Total residential units sold**
1. Double Cove Starview Prime	Agricultural land conversion	32%	**754**
2. The Reach	Agricultural land conversion	21%	**437**
3. Park Signature	Agricultural land conversion	100%	**362**
4. THE PAVILIA HILL	Old building acquisition	85%	**331**
5. Grand Austin	Public Tender	50%	**272**
6. EIGHT SOUTH LANE	Old building acquisition	100%	**70**
7. Double Cove	Agricultural land conversion	32%	**65**
8. The Woodsville	Agricultural land conversion	100%	**19**
9. Other residential projects	-	-	**31**
Total			**2,341**

*Source: Government website/Company data

The Group's Hong Kong Landbank

The Group has made use of multiple channels to replenish its Hong Kong landbank. Apart from public auction and tender, the Group has also pursued diversified means for development, including old building acquisition and agricultural land conversion, that a stable supply of land resources will be available to the Group for property development as well as strategic planning in the long run.

As at 30 June 2015, the Group possessed a landbank with attributable GFA of around 8.8 million sq ft for immediate development. Of which, attributable GFA for residential property development amounted to approximately 5.2 million sq ft. Meanwhile, the Group had a total of approximately 18.2 million sq ft of attributable agricultural land area reserve in the New Territories pending for conversion, which are mainly located in the northwest of New Territories.

During the year under review, the Group won the tender for the property development project atop the Tai Wai Station of MTR Corporation Limited at HK$2,856.0 million. With total GFA of 2,050,327 sq ft, the project will comprise at least 2,900 residential units. Located in the core district of Sha Tin, the project will be conveniently situated at the intersecting point of the MTR's "North-South Corridor" and "East-West Corridor", which are the rail lines running between Lo Wu and Admiralty and between Wu Kai Sha and Tuen Mun respectively, upon completion of the Sha Tin to Central Link.

In past years, the Group has been actively carrying out large-scale old building acquisitions. The Group completed the acquisition of several residential projects on Hong Kong Island in recent years. During the year under review, the title unification of 704-730 King's Road (formerly named as "Kut Cheong Mansion") in North Point was completed in the third quarter of 2014. In January 2015, the Group invested HK$ 1,779.0 million to further acquire 40% equity interests held by Sunbig Limited, an associate of Chow Tai Fook Enterprises Limited ("CTFE"), which brought its share of ownership in this project from 50% to 90%. The project has a site area of approximately 32,500 sq ft. Based on the prevailing plot ratio for non-domestic usage, the total GFA will amount to approximately 487,500 sq ft. The Group is currently in the progress of the related works and will actively plan for its redevelopment.

Acquisition of over 80% ownership of 4A-4P Seymour Road in Mid-Levels has been completed under a joint-development urban redevelopment project that the Group has 35% stake. The site area is 52,466 sq ft. With reference to the government's latest city planning, the expected attributable GFA of this project upon redevelopment is approximately 165,300 sq ft. This project has proceeded to the court for compulsory sale under the "Land (Compulsory Sale for Redevelopment) Ordinance".

Furthermore, acquisition of over 80% ownership of 74-74C Waterloo Road and 15-25 Yau Moon Street in Ho Man Tin has been completed under a joint-development urban redevelopment project that the Group has 51% stake. The site area is 10,677 sq ft. With reference to the government's latest city planning, the expected attributable residential GFA of this project upon redevelopment is approximately 40,000 sq ft. This project will proceed to the court for compulsory sale under the "Land (Compulsory Sale for Redevelopment) Ordinance".

In addition, the Group has been keen on fostering agricultural land conversion. One of its initiatives has been the active exploration of the Pilot Scheme for Arbitration on Land Premium in the 2014 Policy Address of the Hong Kong SAR Government in order to improve the efficiency of agricultural land conversion for a stable supply of land available for the Group.

Landbank by location	**Attributable GFA (sq ft)**
Central and Western District	**175,346**
Eastern District	**1,005,138**
Yau Tsim Mong District and Kwun Tong District	**3,506,218**
Tsuen Wan District, Yuen Long District and Tuen Mun District	**786,180**
Sha Tin District and Sai Kung District	**3,220,188**
Others	**107,920**
Total	**8,800,990**

Agricultural landbank by location	Total land area (sq ft)	Attributable land area (sq ft)
Yuen Long	**13,509,960**	**12,506,844**
Fanling	**2,854,740**	**2,512,740**
Sha Tin and Tai Po	**2,024,508**	**2,024,508**
Sai Kung	**1,358,830**	**1,161,810**
Tuen Mun	**41,000**	**41,000**
Total	**19,789,038**	**18,246,902**

Hong Kong Investment Property

The retail industry in Hong Kong was undergoing an adjustment stage. Since the launch of the Individual Visit Scheme in 2003, the spending by inbound visitors from Mainland China has been a strong support for the Hong Kong retail industry and the rental of retail shops. Nevertheless, with more experience in travelling and spending, the rapid growth of the middle class, and the implementation of the Chinese Government's anti-corruption policies, inbound visitors from Mainland China have demonstrated prominent changes in their consumption patterns, from the preference for high-end luxury goods and jewellery and watches to mid-range brands and mass market products gradually, and from touring core tourism districts to sightseeing at peripheral areas of local neighbourhoods. Meanwhile, local consumption maintained a steady pace of development, under the favourable economic climate and low unemployment rate in recent years. The pursuit from youngsters and the middle class for trendy and unique lifestyle drove relevant consumption, attracting some brands with the same style have established their footprints in Hong Kong for the first time.

In response to the opportunities brought by the above changes, many mall owners had in recent years proactively reviewed the layout and visitor flow of their projects, enhanced the variability in physical facilities, reshuffled the brand and retail mix and brought in assorted themes and activities, aiming at uplifting the appeals, catering for the changing consumer taste, and in turn stabilising the rental performance of the projects. For some street shops at prime retail locations, the diminished sales performance of luxury goods had led to the removal of relevant luxury brands which used to be willing to lease at higher rents, and in turn heightened vacancy rate of those street shops. In view of this, and owing to the lower variability of street shops as compared to malls, the sole strategy available to these owners was to adjust rental rates to attract the original and new tenants to lease, resulting in a larger downward pressure on the rental rates of street shops at prime retail locations.

The overall sentiment of economic activities in Hong Kong was positive, with expedited business expansion of enterprises relating to banking and finance sectors, including the commencement of operations in Hong Kong for many enterprises engaged in financial services following the official launch of Shanghai-Hong Kong Stock Connect at the end of 2014. Furthermore, the interest rate cut policy promulgated in Mainland China since 2014 and the reduction in deposit reserve ratios by the People's Bank of China gave rise to the sufficient capital in Mainland China and its flow to the Hong Kong capital market contributing to the robust IPO activities in Hong Kong. In the first half of 2015, Hong Kong, being the first time, raised the most funds from IPO in the world. The entry of newly-listed enterprises stimulated the demand for quality office space. In June 2015, the vacancy rate of office buildings in Central was 1.7%, which was the lowest since the outbreak of global financial crisis in late 2008. The vacancy rate in the overall market also dropped to a low level of 3.5% in general, providing a strong support to the rental performance on the back of excessive demand.

In FY2015, the Group's gross rental income in Hong Kong amounted to HK$1,486.1 million. The year-on-year drop of 0.3% rental income was mainly due to the resumption of the underground retail space at 12 Salisbury Road Tsim Sha Tsui (previously named as "SOGO Tsim Sha Tsui") on 14 February 2014 for alterations and the overhaul of Discovery Park Shopping Centre in Tsuen Wan. If stripping out the effect of the abovementioned two projects, the Group's gross rental income in Hong Kong up 5.0% year-on-year. All major properties of the Group's investment properties portfolio attained satisfactory occupancy.

Tsim Sha Tsui K11, which is located in a traditional core retail and tourism district, recorded an occupancy rate of almost 100% during the year under review, an average monthly pedestrian flow of approximately 1.3 million, the majority of which was high-spending local young customers. In order to enhance the shopping experience, several new brands will establish its foothold at Tsim Sha Tsui K11 before Christmas of 2015.

For Discovery Park Shopping Centre in Tsuen Wan, a densely-populated cross-border transportation hub in the western part of Hong Kong, the first three phases of renovation works were completed, and the final phase of renovation works was in smooth progress. The entire programme is expected to be completed in 2015. In the course of emergence of Discovery Park Shopping Centre, efforts have been made to optimise its mix of merchants and enhance the mall facilities in order to address the needs of customers and deliver a totally fresh and pleasant shopping experience to consumers.

In addition, benefiting from the redevelopment of Kowloon East and the expanded population of Tseung Kwan O, Telford Plaza in Kowloon Bay reported satisfactory rental performance driven by increasing daily patronage of local residents. Pearl City, located in the trendy locality of Causeway Bay, recorded high pedestrian flow following the completion of property refinements and quality enhancement works in December 2012.

For office buildings, New World Tower and Manning House, both being Grade A office buildings located in the traditional prime commercial area on Queen's Road Central in Central, achieved satisfactory performance in terms of occupancy and rental rates. New World Tower is undergoing an asset enhancement programme to meet the new market leasing demand. Its office lobbies and other major facilities will be upgraded.

Further, in October 2014, the Group announced its acquisition of a Grade A commercial project named KOHO located in Kwun Tong. With total GFA of approximately 200,000 sq ft, the project is the first commercial project in the district being converted under the revitalisation of industrial buildings scheme. To vacate more leasable area in the core location to satisfy market demand, the Group is currently consolidating its office resources and the relocation of some staff to KOHO is under consideration.

New World Centre redevelopment project located at the core area of Tsim Sha Tsui promenade is currently the most important redevelopment project of the Group. The construction of the basement and the podium are being carried out as scheduled, and the development of the high tower located at the junction of Salisbury Road and Mody Road is also at good progress. The underground retail space at 12 Salisbury Road Tsim Sha Tsui (previously named as "SOGO Tsim Sha Tsui") will be altered in parallel with the redevelopment project of the adjacent New World Centre.

Hotel Operations

Under the Central Government's anti-corruption drive and the policy adjustment regarding the grant of multiple-entry permits to Shenzhen residents, coupled with the fluctuations of global currency exchange rates and the Middle East respiratory syndrome in South Korea, visitor arrivals at Hong Kong showed slackened growth. According to the statistics of the Hong Kong Tourism Board, for the first six months in 2015, the number of inbound visitors totalled 29.3 million, an increase of 2.8% year-on-year. The change in external market environment and policy changes in the region have varied the previous pattern of development of the tourism and hospitality industry, with heavy reliance on the rapid year-on-year growth in visitor arrivals at Hong Kong over the past few years. There were also adjustments in the overall occupancy rate and average room rate of hotels in Hong Kong. In particular, the adjustments to high and medium Tariff B hotels were more prominent, whilst adjustments to those Tariff A hotels, which target business travellers, were relatively minor under the robust economic activities in the region and the drive from the customer loyalty programme, in addition to the limited availability of new supply of hotels in the same tariff grading in recent years. To embrace opportunities presented by market changes, some international hotel brands actively upgraded their hotel facilities and improved their services, in order to uplift customer experience and satisfaction.

The Group's premium hotels targeted at business travellers in Hong Kong have become major contributors to the results of the Group's hotel operations segment. The large-scale renovation at Grand Hyatt Hong Kong is currently underway with good progress. The renovation of approximately 158 guest rooms under phase two of the renovation has commenced in the first half of 2015. Despite the impact on occupancy rate caused by the renovation of guest rooms during the year under review, the hotel's average room rate achieved HK$3,268 per night. Benefitting from the continual growth of conventions and exhibitions, Renaissance Harbour View, which is adjacent to Hong Kong Convention and Exhibition Centre, reported satisfactory occupancy rate which increased by 1.5 percentage points to 78% year-on-year, with solid performance in its average room rate.

Hyatt Regency Hong Kong, Tsim Sha Tsui, centrally located in Tsim Sha Tsui at the junction where the Tsuen Wan line at Tsim Sha Tsui station intersects with the West Rail line at East Tsim Sha Tsui station, achieved an average occupancy rate of 89% and an average room rate of HK$2,099 per night during the year under review. Hyatt Regency Hong Kong, Sha Tin, which is adjacent to University Station on the East Rail line, reached an average occupancy rate of 83% and average room rate of HK$1,332 per night during the year under review. pentahotel Hong Kong, Kowloon, which is located near the Kai Tak Cruise Terminal in Kowloon East, targets young fashionable gurus and travellers looking for novel experience. It attained an average occupancy rate of 78% and reported satisfactory performance in its average room rate during the year under review.

On 29 April 2015, the Group and its subsidiaries, of which the interests are owned 64% by the Group and 36% by CTFE respectively, entered into transaction agreements with HIP Company Limited, a wholly-owned subsidiary of the Abu Dhabi Investment Authority, with a view to establishing a new joint venture company to jointly own the Grand Hyatt Hong Kong, the Renaissance Harbour View and the Hyatt Regency Hong Kong, Tsim Sha Tsui. The total consideration for the sale and transfer of the hotels is HK$18.5 billion, out of which around HK$10 billion has been received by the Group after closing adjustments. The transaction was completed during the year under review and favourable effect to the shareholders of the Group is two-folded. On the one hand, The Group will continue to hold interests in quality hotel assets on a long-term basis. At the same time, some of its capital may be reserved for other investments which will potentially increase in value. In line with the Group’s long-term strategies, the transaction has realised effective allocation of resources.

During the year under review, two new hotels under the Group commenced operations in Mainland China. The ultra-luxury Rosewood Beijing, located in the core city area of Chaoyang District, Beijing, had its soft-opening on 23 October 2014. Being the first project under the Rosewood Hotels & Resorts brand in Mainland China, Rosewood Beijing targets the high-end segment of the market. In addition, Guiyang New World hotel, located in the provincial capital of Guizhou, had its soft-opening on 25 September 2014.

As at 30 June 2015, the Group had a total of 18 hotel properties providing over 8,000 guest rooms in Hong Kong, Mainland China and Southeast Asia.

Mainland China Properties

To alleviate the vast demand for housing and the downside pressure on economic growth, it was jointly announced by the People’s Bank of China and China Banking Regulatory Commission in September 2014 that mortgage restrictions applicable to the property market were to be relaxed. Accordingly, for a family purchasing its first ordinary dwelling, the minimum down payment on mortgage was set at 30% and the minimum interest rate of mortgage lending was set at 0.7 times of the benchmark lending rate; while mortgage lending for the purchase of a second dwelling was to be subject to a much lower barrier than before. At the same time, the home purchase restriction policies adopted by local governments were gradually relaxed in most cities in Mainland China with effect from the third quarter of 2014. In late November 2014, interest rate cut was announced by the People’s Bank of China. Under such favourable factors, rigid demand in residential housing was to a certain extent unlocked in the property market in Mainland China, and the sentiment on residential property sales started to improve.

Back in 2014 during the annual sessions of the National People’s Congress (“NPC”) and the Chinese People’s Political Consultative Conference (“CPPCC”), Premier Li Keqiang already proposed the adoption of category-based regulatory measures and bilateral regulatory measures for the real estate market, as opposed to the previous adherence to the steadfast control over the real estate market, bearing testimony to the Chinese Government’s advocacy of the reform direction under which the real estate market shall become more driven by market forces. In the Report on the Work of the Chinese Government released during the annual sessions of the NPC and the CPPCC in 2015, the Chinese Government articulated the aim for stabilising spending on residential housing and supporting the housing demand from those seeking to acquire their dwellings as well as those dwelling upgraders, in fostering the steady and healthy development of the property sector. Such series of favourable measures were considered by the market as indications of the Central Government’s focus on unlocking demand for residential housing, stimulating domestic demand, and seeking a breakthrough beyond the current bottleneck in the development of the nation’s real estate market and its overall economic growth. In view of the opportunities presented by the policy adjustments, developers were actively preparing for their new development plans as well as adjusting the combination of project launches in order to foster sales. According to the National Bureau of Statistics, in the first half of 2015, the aggregate floor area sold and sales proceeds of residential properties on a nationwide basis grew at 4.5% and 12.9% year-on-year respectively.

New World China Land Limited ("NWCL") is the flagship Mainland China property arm of the Group. The development portfolio comprises 30 major projects spanning over several large cities or major transportation hubs in Mainland China. During the year under review, NWCL achieved a profit attributable to shareholders of HK$3,313.1 million, representing a decrease of 28.6% year-on-year.

Taking into account the attributable revenue from the joint-development projects, the revenue and segment results from property development in Mainland China during the year under review amounted to HK$15,292.7 million and HK$4,837.7 million respectively, representing a decrease of 22.6% and 35.6% year-on-year. The contributions from property development in Mainland China was mainly attributable to the sales of residential units in the projects located in Guangzhou, Shenzhen, Shenyang, Tianjin, Wuhan and Beijing.

The overall contracted property sales of NWCL in FY2015 reached a total GFA of 1,090,891 sq m and the gross sales proceeds amounted to RMB15.4 billion.

During the year under review, NWCL's completed property development projects for sale in Mainland China amounted to a total GFA of 1,089,163 sq m, of which residential GFA amounted to 1,015,223 sq m. In FY2016, it is anticipated to complete property development projects totalling a GFA of 1,254,982 sq m in Mainland China, of which residential GFA will amount to 1,047,432 sq m.

The opening of Shanghai K11 Art Mall has stimulated the patronage, occupancy and enhanced the rental performance of Shanghai Hong Kong New World Tower. Furthermore, positive rental reversion has been achieved for Wuhan New World International Trade Tower upon tenancy renewal. The abovementioned factors have provided upside support to NWCL's rental businesses in Mainland China.

Infrastructure and Service

NWS Holdings Limited ("NWSH") is the infrastructure and service flagship of the Group. In FY2015, amid an unsteady external environment and volatile global financial market, NWSH managed to sustain its growth momentum, albeit at a moderate pace. During the year under review, NWSH achieved a profit attributable to shareholders of HK$4,477.6 million, representing an increase of 3.5% year-on-year.

During the year under review, NWSH successfully expanded into aircraft leasing business by investing in Goshawk Aviation Limited. Together with the full-year contribution from Beijing Capital International Airport Co., Ltd and Xiamen Container Terminal Group Co., Ltd., the performance of infrastructure businesses in FY2015 registered a growth, despite the divestment of Macau Power in July 2014.

The performance of services businesses recorded a decrease from FY2014. The drop reflected its cyclical nature while the performance of the Free Duty and Transport businesses declined due to rising rental and the effects of "Occupy Central Movement" and the new MTR West Island Line respectively. The above impacts were partly offset by the construction business, which reported healthy growth alongside the booming property market.

In FY2015, NWSH shared a gain of approximately HK$1.5 billion from the disposal of its indirect interest in Macau Power. Apart from unlocking the value of this mature asset and providing capital for new investments, the disposal also allowed Sino-French Holdings (Hong Kong) Limited, a 50:50 joint venture beneficially owned by NWSH and Suez, to focus its resources on the development of water and related businesses.

In view of the continuous dilution of NWSH's shareholding in Haitong International Securities Group Limited following the past rights issues and fund raising activities and its past share price performance, NWSH decided to divest this investment in order to unlock shareholder value in June 2015. Thereafter, this investment was reclassified from an associated company to available-for-sale financial asset and a fair value gain on re-measurement which amounted to HK$0.9 billion was recognised in FY2015 pursuant to HKAS 39 "Financial Instruments: Recognition and Measurement".

In June 2015, NWSH completed the disposal of 12.5% of equity interest in Newton Resources Ltd to a wholly-owned subsidiary of Shougang Holding (Hong Kong) Limited, a substantial shareholder of Newton Resources Ltd. The disposal enabled NWSH to realise part of its non-core assets and reallocate more resources to invest in its core businesses. Immediately upon completion of the aforesaid disposal, NWSH owns 35.5% of the total issued shares of Newton Resources Ltd. Based on the consideration of such disposal, further impairment loss in the carrying value of the remaining interest in Newton Resources Ltd had to be accounted for by NWSH. Accordingly, the total impairment loss on the carrying value of NWSH's interest in Newton Resources Ltd and the loss on partial disposal recognised in FY2015 amounted to HK$1.9 billion.In addition, an impairment loss of HK$0.3 billion for Guangzhou Dongxin Expressway was shared by NWSH which was primarily attributable to the lower-than-expected traffic flow of the expressway. As the abovementioned impairment losses were non-cash items, they bore no significant impact on the cash flow and the operation of NWSH.

Department store

New World Department Store China Limited ("NWDS") is the retail arm of the Group in Mainland China. During the year under review, China's economic growth continued to slow down. The intensified competition brought by e-commerce and shopping malls, coupled with consumers' diverse needs and rising operating expenses, deteriorated the operating environment persistently. In FY2015, NWDS recorded a profit attributable to shareholders of HK$69.7 million, representing a decrease of 86.6% year-on-year.

In response to the market challenges, traditional retail companies are under great pressure for fundamental transformation, such as precise market positioning and optimised merchandise and service portfolio, in order to be on the right track for long-term development. NWDS accelerated its restructuring during the year under review through widening its revenue streams to reduce reliance on commission income from concessionaire sales. NWDS also revamped its operational structure from the former sole-department store model to a diversified business model comprising department store, shopping mall and direct sales businesses, strengthening its expertise in each business area so as to improve gross margin and overall competitiveness.

During the year under review, the commission income from concessionaire sales was the major income contributor to NWDS, accounting for 60.6% of the total revenue. Proceeds from direct sales and rental income accounted for 22.2% and 15.9% respectively of the total revenue. The remaining 1.3% was derived from management and consultancy fees.

Regional-wise, Northern China Region contributed the most to the revenue of NWDS, amounting to 50.3% of total revenue, followed by the South Eastern China Region and the Central Western China Region, which accounted for 30.9% and 18.8% of the total revenue respectively.

On 16 January 2015, NWDS entered into a share purchase agreement to acquire the entire issued share capital of Well Metro Group Limited for a consideration of HK$1.0 million. Well Metro Group Limited and its subsidiaries have the franchise and distribution right in relation to fashion apparels and accessories for certain brand names in the PRC and have a network of retail operation in the PRC.

As at 30 June 2015, NWDS operated and managed a total of 43 stores spreading across 21 cities in Mainland China with total GFA of over 1.6 million sq m.

OUTLOOK

"It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to Heaven, we were all going direct the other way." This is the social setting, both positive and negative, illustrated in the first chapter of A Tale of Two Cities by renowned writer Charles Dickens in the nineteenth century. From the viewpoint of a modern-day person, this is also a good manifestation of the acute contradictions arising from the complicated economic landscape in the modern world.

In 2015, the global economy recovered at variant pace, with imbalanced prospects of growth across different regions. The drop in oil prices has put the United States in a leading position in terms of the pace of economic growth. In Russia, which relies heavily on the export of oil and its by-products, economic performance nevertheless encountered tremendous downside pressure. Economic performance has been relatively stable in developed economies in the Eurozone, such as Germany and the United Kingdom. However, the debate over Greece's possibility of pulling out of the Eurozone has given rise to enormous uncertainties underlying the region. Slackened economic growth has come to China and a number of emerging economies, which rely upon international export trade. The appreciation of the US dollars is causing international capital to flow from emerging markets back to the United States, elevating financial risks in some regions. The best and the worst, light and darkness, all happened in the same space and time, depicting the multiplicity of reality.

The latest economic landscape of Hong Kong depends on two major factors, namely the policy trend and economic performance of Mainland China on the one hand, and the interest rate change of the United States on the other hand. Since the introduction of accommodative monetary policy by the Central Government of China in late 2014, improvements have been seen in fixed-asset investments and retail consumption, alleviating the constrained export performance under global economic slowdown. China's economic growth in the second quarter of 2015 managed to stay at 7%, showing China's efforts in adapting to the new norms under which China's economic growth is turning from high-speed to medium-to-high speed, and to the adjustment of industrial structure. It is expected in the market that China's economy will gradually achieve stable and healthy growth through optimisation, enhancement and alteration. It is believed that positive effects will be seen in major industries in the long run, during the course of China's intensified reforms and adjustment of its economic structure.

In a number of her public speeches, Janet Yellen, the chair of the United States Federal Reserve, has conveyed the message on the impending rise in interest rate in 2015. In the release of its September meeting in 2015, the Federal Open Market Committee ("FOMC") suggested that economic activities in the United States were expanding at a moderate pace, with solid job gains. However, as inflation continued to run below its longer-run objective, FOMC anticipates that it will be appropriate to raise the interest rate when it has seen some further improvement in the labor market and is reasonably confident that inflation will move back to its 2 percent objective. Once the United States' first interest rate rise in these years is confirmed, there may be impact on other related economies. However, the market will be in a better position to get used and respond to such potentially upcoming rate rise, which is generally anticipated to come in a slow and orderly manner against the backdrop of improved economic sentiments.

Confronted by new opportunities and challenges ahead, the dialectic mediation of diversity on the back of the multitude of circumstantial factors would help in identifying and grasping the latest development. As pointed out by Xi Jinping, the President of China, in understanding the new norm of China's economy, the dialectic relationship among boldness for reform, boldness for innovation, stability and prudence, and progress amidst stability shall be properly dealt with. In the course of China's economic reform and development, there are both "long-existed stubborn illnesses" from the past, as well as "hard bones" and "dangerous shoals" from the present day and the future. A "norm" of economic development standing firmly by pre-existing achievements and experience and a "new" pattern of ongoing exploration and advancement are both paramount.

Since its establishment in 1970, the New World Group has encountered tests and challenges in different epochs at different stages, gaining precious experience which provided a solid foundation upon which the Group have grown up and prospered. Amidst evolutions of enterprises and changes of eras, we are willing to take one step forward and utilise our flexible mindset with boldness and innovation to seek and explore development opportunities, providing the best choices to customers and maximising the interests of our stakeholders. Creating a better world with innovation and sustainable development is our vision in the new era. In particular, the harmonious interaction between mankind and the nature and the mingling of art and life will be emphasised in our new commercial and residential products.

Under The Artisanal Movement, which marks a new page for the development of the Group, unique brand characters will be seen in all future developments of the Group. This will be a journey of exploring unlimited imagination, one that will gather all of New World Group's tailor-made craftsmanship and innovative living experience in bringing modern life to a standard close to historic perpetuity. The characters under The Artisanal Movement comprise five major elements: Imagination, Bespoke, Craftsmanship, Heritage and Contemporary. Through The Artisanal Movement, the Group looks forward to providing customers with fine living experience with a mix of superb craftsmanship, traditional culture and the use of upmarket materials. The customised living environment embraced by craftsmanship and aesthetics, where dreams come true and imagination is explored, ideally gives rise to a type of unique culture and quality of modern life.

"Fashion is not something that exists in dresses only. Fashion is in the sky, in the street, fashion has to do with ideas, the way we live, what is happening." said Coco Chanel, the renowned French fashion designer who has created countless classical works with a pair of hands. This is an explicit utterance that the thoughts of a craftsman may go far beyond people's imagination. In fact, sophisticated craftsmanship blends with endless innovation and the spirit of pursuing excellence, catering to customers' needs in every detail and passionately leading the way to realising dreams. The fine fabrication of every detail with dexterous craftsmanship is the very soul of The Artisanal Movement. A tailor-made sculpture, a unique antique lighting, or even a handle may give a warm and real sense of touch. The New World Group is dedicated to searching for unique collections from all over the world, to create personalised experience and uplift the standard of modern life.

For property development in Hong Kong, following the launch of a series of finely-designed projects which received overwhelming market responses, and leveraging the sound performance in property sales in FY2015, the Group will work hard on the preparations for new launches for projects including "MOUNT PAVILIA" in Sai Kung, "THE PARKHILL" in Yuen Long, "BOHEMIAN HOUSE" in Western District and "FLEUR PAVILIA" in North Point. A total of more than 2,500 new residential units will be launched to the market shortly.

For sustaining a quality landbank in Hong Kong, the Group will carefully identify and select development opportunities to expand its landbank in Hong Kong with reference to future market supply and consumption preference of home buyers. Taking into account the flexibility provided for under the development conditions of the respective projects, the Group will strive to secure unique land resources of premium quality to support the Group's sustainable development. The Group will continue to enhance its development resources through public auction and tender, old building redevelopment and agricultural land conversion.

For property rental business in Hong Kong, in response to the changing structure and consumption patterns of local consumers and those from Mainland China, the Group pioneered in creating the original brand K11 in 2009, offering new shopping experience to the high-spending middle class. In recent years, the Group has further introduced the refinements and quality enhancement programs to its investment projects, Discovery Park Shopping Centre is now undergoing the final stages of overhaul. Efforts have been made to upgrade the tenant mix and improve the physical facilities, for bringing fresh and comfortable shopping experiences to its consumers upon completion.

The redevelopment of New World Centre, located at the core area of Tsim Sha Tsui promenade, the construction is being carried out as scheduled. Upon completion, the project is expected to become a key landmark in Hong Kong.

NWSH, NWCL and NWDS, the listed subsidiaries of the Group, are expected to be benefitted from the stable and healthy development of China's economy in the medium-to-long term under its structural optimisation, enhancement and alteration. Meanwhile, the Group will also strive to collaborate closely with the three listed subsidiaries to effectively utilise and leverage the brand equity and synergy of the New World Group, bringing forth positive effects to operations.

Exploring unlimited imagination, arousing craftsmanship and inheriting an aesthetic spirit represent the unique characters of the New World brand. Going forward, the Group will remain its pursuit of ongoing innovation and excellence, attend to every detail of customers' needs, accomplish dreams with passion, and maximise interests of its stakeholders.

Dr. Cheng Kar-Shun, Henry
Chairman

Hong Kong, 24 September 2015

As at the date of this announcement, (a) the Executive Directors of the Company are Dr. CHENG Kar-Shun, Henry, Dr. CHENG Chi-Kong, Adrian, Mr. CHEN Guanzhan, Ms. KI Man-Fung, Leonie, Mr. CHENG Chi-Heng, Ms. CHENG Chi-Man, Sonia and Mr. AU Tak-Cheong; (b) the Non-executive Directors of the Company are Mr. DOO Wai-Hoi, William 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, Mr. LEE Luen-Wai, John and Mr. LIANG Cheung-Biu, Thomas.