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 2015/2016

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 2016 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2016

	Note	**2016 HK$m**	2015 HK$m
Revenues	2	**59,570.0**	55,245.0
Cost of sales		**(41,047.6)**	(35,939.0)
Gross profit		**18,522.4**	19,306.0
Other income		**923.5**	31.8
Other gains, net		**6,454.1**	15,276.4
Selling and marketing expenses		**(1,768.8)**	(1,957.9)
Administrative and other operating expenses		**(7,855.2)**	(7,850.9)
Changes in fair value of investment properties		**307.3**	3,165.5
Operating profit	3	**16,583.3**	27,970.9
Financing income		**1,399.0**	1,130.2
Financing costs		**(1,935.7)**	(1,621.9)
		16,046.6	27,479.2
Share of results of			
Joint ventures		**1,678.4**	4,319.2
Associated companies		**982.1**	(661.9)
Profit before taxation		**18,707.1**	31,136.5
Taxation	4	**(6,423.7)**	(4,264.4)
Profit for the year		**12,283.4**	26,872.1
Attributable to:			
Shareholders of the Company		**8,666.3**	19,112.0
Non-controlling interests		**3,617.1**	7,760.1
		12,283.4	26,872.1
Dividends		**4,116.5**	3,766.3
Earnings per share	5		
Basic		**HK$0.95**	HK$2.17
Diluted		**HK$0.95**	HK$2.17

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	2016 **HK$m**	2015 HK$m
Profit for the year	**12,283.4**	26,872.1
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	**20.1**	303.4
- deferred tax arising from revaluation thereof	**(5.0)**	(7.5)
Remeasurement of post employment benefit obligation	**(15.1)**	3.6
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	**(1,074.9)**	295.2
- deferred tax arising from fair value changes thereof	**-**	(58.0)
Release of investment revaluation deficit to the income statement upon impairment of an available-for-sale financial asset	**670.4**	-
Release of reserve upon disposal of available-for-sale financial assets	**(422.5)**	(138.9)
- deferred tax arising from release of reserve upon disposal thereof	**106.5**	-
Release of reserve upon disposal of subsidiaries	**(980.3)**	(14.0)
Release of reserve upon disposal of interest in a joint venture and partial disposal of interest in an associated company	**(4.0)**	(46.6)
Share of other comprehensive income of joint ventures and associated companies	**(1,999.6)**	(303.3)
Cash flow hedges	**(12.1)**	(1.1)
Translation differences	**(4,079.9)**	(190.9)
Other comprehensive income for the year	**(7,796.4)**	559.1
Total comprehensive income for the year	**4,487.0**	27,431.2
Attributable to:		
Shareholders of the Company	**2,853.8**	19,704.2
Non-controlling interests	**1,633.2**	7,727.0
	4,487.0	27,431.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	**2016 HK$m**	2015 HK$m
ASSETS			
Non-current assets			
Investment properties		**86,597.0**	91,625.0
Property, plant and equipment		**23,872.5**	20,483.8
Land use rights		**1,932.2**	2,343.4
Intangible concession rights		**12,906.4**	14,797.8
Intangible assets		**2,702.3**	2,864.1
Interests in joint ventures		**50,353.0**	49,451.9
Interests in associated companies		**19,057.0**	17,731.7
Available-for-sale financial assets		**10,079.2**	6,909.2
Held-to-maturity investments		**42.9**	41.4
Financial assets at fair value through profit or loss		**695.1**	847.0
Derivative financial instruments		**81.4**	39.5
Properties for development		**18,556.9**	26,604.5
Deferred tax assets		**684.9**	673.3
Other non-current assets		**5,610.1**	1,770.4
		233,170.9	236,183.0
Current assets			
Properties under development		**50,755.0**	51,578.4
Properties held for sale		**21,163.2**	26,375.5
Inventories		**665.7**	707.5
Debtors and prepayments	6	**25,481.1**	21,227.9
Available-for-sale financial assets		**1,799.8**	-
Financial assets at fair value through profit or loss		**0.1**	0.2
Derivative financial instruments		**19.3**	30.4
Restricted bank balances		**205.7**	113.5
Cash and bank balances		**54,965.1**	59,351.7
		155,055.0	159,385.1
Non-current assets classified as assets held for sale	7	**3,882.7**	2,362.6
		158,937.7	161,747.7
Total assets		**392,108.6**	397,930.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	**2016** **HK$m**	2015 HK$m
EQUITY			
Share capital		**69,599.8**	66,711.6
Reserves		**109,973.6**	112,207.0
Shareholders' funds		**179,573.4**	178,918.6
Non-controlling interests		**21,321.9**	43,439.4
Total equity		**200,895.3**	222,358.0
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**114,842.4**	83,638.4
Deferred tax liabilities		**8,453.2**	9,288.0
Derivative financial instruments		**794.0**	847.4
Other non-current liabilities		**601.2**	795.8
		124,690.8	94,569.6
Current liabilities			
Creditors and accrued charges	8	**38,190.9**	40,605.5
Current portion of long-term borrowings		**16,828.1**	27,256.9
Derivative financial instruments		**186.0**	-
Short-term borrowings		**3,261.6**	6,261.2
Current tax payable		**7,972.6**	5,951.6
		66,439.2	80,075.2
Liabilities directly associated with non-current assets classified as assets held for sale	7	**83.3**	927.9
		66,522.5	81,003.1
Total liabilities		**191,213.3**	175,572.7
Total equity and liabilities		**392,108.6**	397,930.7

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

There are no standard, amendment to standard or interpretation that are effective for the first time for the financial year ended 30 June 2016.

(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 2016 or later periods but which the Group has not early adopted:

HKFRS 9 (2014)	Financial Instruments
HKFRS 14	Regulatory Deferral Accounts
HKFRS 15	Revenue from Contracts with Customers
HKFRS 16	Leases
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS10, HKFRS12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
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 Improvement Project	Annual Improvements 2012 – 2014 Cycle

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.

2. Revenues and segment information

Revenues recognised during the year are as follows:

	2016 **HK$m**	2015 HK$m
Revenues		
Property sales	**28,527.9**	25,681.9
Rental	**2,492.3**	2,401.5
Contracting	**12,198.2**	8,456.7
Provision of services	**7,705.3**	7,387.3
Infrastructure operations	**2,444.0**	2,470.7
Hotel operations	**1,762.3**	4,060.8
Department store operations	**3,550.2**	3,913.0
Others	**889.8**	873.1
Total	**59,570.0**	55,245.0

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 perspectives, which comprises property development, property investment, service (including facilities management, construction & transport and strategic investments), infrastructure (including roads, environment, logistics and aviation), 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 effect of unallocated corporate expenses. In addition, financing income, financing costs and taxation 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$m (Note d)	Department stores HK$m	Others HK$m (Note e)	Consolidated HK$m
2016								
Total revenues	**28,721.3**	**2,695.6**	**28,450.9**	**2,444.0**	**1,771.1**	**3,552.5**	**982.7**	**68,618.1**
Inter-segment	**(193.4)**	**(203.3)**	**(8,547.4)**	**-**	**(8.8)**	**(2.3)**	**(92.9)**	**(9,048.1)**
Revenues - external	**28,527.9**	**2,492.3**	**19,903.5**	**2,444.0**	**1,762.3**	**3,550.2**	**889.8**	**59,570.0**
Segment results	**7,215.3**	**1,408.2**	**976.3**	**1,092.5**	**(116.5)**	**205.0**	**342.5**	**11,123.3**
Other gains, net	**6,711.9**	**0.6**	**101.4**	**(331.9)**	**1,341.3**	**(106.9)**	**(1,262.3)**	**6,454.1**
Changes in fair value of investment properties	**-**	**(1,109.3)**	**1,416.6**	**-**	**-**	**-**	**-**	**307.3**
Unallocated corporate expenses								**(1,301.4)**
Operating profit								**16,583.3**
Financing income								**1,399.0**
Financing costs								**(1,935.7)**
								16,046.6
Share of results of								
Joint ventures (Note a)	**(85.9)**	**385.3**	**58.3**	**1,526.0**	**(86.8)**	**-**	**(118.5)**	**1,678.4**
Associated companies (Note b)	**242.4**	**20.3**	**106.9**	**603.3**	**-**	**-**	**9.2**	**982.1**
Profit before taxation								**18,707.1**
Taxation								**(6,423.7)**
Profit for the year								**12,283.4**
Segment assets	**109,285.1**	**89,474.0**	**15,318.7**	**14,569.6**	**14,613.8**	**5,599.9**	**17,881.1**	**266,742.2**
Interests in joint ventures	**13,178.9**	**11,772.6**	**5,127.8**	**12,605.9**	**5,934.3**	**-**	**1,733.5**	**50,353.0**
Interests in associated companies	**994.5**	**2,790.4**	**7,767.9**	**7,271.6**	**1.1**	**-**	**231.5**	**19,057.0**
Unallocated assets								**55,956.4**
Total assets								**392,108.6**
Segment liabilities	**21,143.7**	**1,269.6**	**10,204.5**	**673.1**	**356.1**	**3,745.2**	**1,483.2**	**38,875.4**
Unallocated liabilities								**152,337.9**
Total liabilities								**191,213.3**
Additions to non-current assets (Note c)	**8,654.5**	**4,260.3**	**373.9**	**165.1**	**3,851.7**	**165.2**	**699.7**	**18,170.4**
Depreciation and amortisation	**80.4**	**25.4**	**214.8**	**830.8**	**399.2**	**352.6**	**26.0**	**1,929.2**
Impairment charge and provision	**-**	**-**	**-**	**-**	**-**	**30.1**	**699.8**	**729.9**

2. **Revenues and segment information (continued)**

	Property development HK$m	Property investment HK$m	Service HK$m	Infra-structure HK$m	Hotel operations HK$m (Note d)	Department stores HK$m	Others HK$m (Note e)	Consolidated HK$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)

	Revenues HK$m	Non-current assets (Note c) HK$m
2016		
Hong Kong	**33,721.9**	**84,282.1**
Mainland China	**24,772.5**	**61,885.2**
Others	**1,075.6**	**400.0**
	59,570.0	**146,567.3**
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

Notes :

(a) For the year ended 30 June 2016, the amount in the service segment includes the Group's share of impairment loss of HK$177.6 million for Hyva Holding B.V. and the amount in the infrastructure segment includes the Group's share of gain of HK$179.3 million arising from deemed disposal of its indirect interest in Chongqing Water Group Co., Ltd., a project under a joint venture.

For the year ended 30 June 2015, the amount in the infrastructure segment includes (i) the Group's share of gain of approximately 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.

(b) For the year ended 30 June 2016, the amount in the service segment includes an impairment loss of HK$200.0 million made for the Group's interest in Tharisa plc, a listed associated company.

For the year ended 30 June 2015, 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.

(c) Non-current assets represent non-current assets other than financial instruments, interests in joint ventures, interests in associated companies, deferred tax assets and retirement benefit assets.

(d) For the year ended 30 June 2016, the decrease in revenue in hotel segment is due to the disposal of its 50% interest in three hotels by the Group, namely Grand Hyatt Hong Kong, Renaissance Harbour View Hotel, Hong Kong and Hyatt Regency, Tsim Sha Tsui on 15 June 2015 and the remaining interest was reclassified as interest in a joint venture.

For the year ended 30 June 2015, the hotel operation segment includes the gain on partial disposal of interests in subsidiaries holding the three hotels in Hong Kong and remeasurement of retained interest at fair value after reclassification to a joint venture of HK$13,709.2 million.

(e) The amount in the others segment includes net exchange loss of HK$1,306.7 million for the year ended 30 June 2016. The telecommunication business in this segment ceased after the completion of the disposal of the telecommunication services in March 2016.

(f) For the year ended 30 June 2016, the operating profit before depreciation and amortisation, change in fair value of investment properties and other gains, net and after net exchange loss amounted to HK$9,857.1 million, of which HK$5,055.0 million was attributable to Hong Kong and HK$4,802.1 million was attributable to Mainland China and others.

3. Operating profit

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

	2016 HK$m	2015 HK$m
Write back of provision for loans and other receivables	**210.4**	376.6
Write back of provision for property, plant and equipment	**567.3**	-
Gain on deemed disposal of interest in an associated company	-	50.7
Gain on partial disposal of interests in subsidiaries and remeasurement of retained interest at fair value after reclassification to a joint venture	**40.0**	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
(Loss)/gain on remeasurement of previously held interest of a joint venture at fair value upon further acquisition to become a subsidiary	**(40.5)**	986.6
Gain on remeasurement of previously held interests of an associated company at fair value upon further acquisition to become a subsidiary	**18.2**	-
Net loss on fair value of financial assets at fair value through profit or loss	**(154.0)**	(38.9)
Net gain/(loss) on disposal of		
Available-for-sale financial assets	**413.3**	66.2
Non-current assets classified as assets held for sale	**784.9**	30.3
Financial assets at fair value through profit or loss	**9.8**	(23.5)
Investment properties, property, plant and equipment and intangible concession right	**207.2**	(63.2)
Subsidiaries, joint ventures and associated companies	**7,021.4**	(119.9)
Cost of inventories sold	**(22,058.8)**	(19,709.2)
Cost of services rendered	**(17,227.1)**	(13,177.9)
Depreciation and amortisation	**(1,929.2)**	(2,314.0)
Impairment loss on		
Available-for-sale financial assets	**(692.4)**	(11.8)
Intangible assets	-	(100.5)
Loans and other receivables	**(7.4)**	(61.2)
Property, plant and equipment	**(30.1)**	(532.0)
Net exchange (loss)/gain	**(1,894.0)**	93.8

4. Taxation

	2016 **HK$m**	2015 HK$m
Current taxation		
Hong Kong profits tax	**925.3**	623.9
Mainland China and overseas taxation	**3,301.4**	1,706.6
Mainland China land appreciation tax	**2,093.7**	1,667.6
Deferred taxation		
Valuation of investment properties	**60.5**	178.5
Other temporary differences	**42.8**	87.8
	6,423.7	4,264.4

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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 12% to 25% (2015: 9% to 25%).

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2015: 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$646.0 million and HK$254.2 million (2015: HK$1,085.8 million and HK$191.7 million) respectively.

5. Earnings per share

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

	2016 **HK$m**	2015 HK$m
Profit attributable to shareholders of the Company	**8,666.3**	19,112.0
Adjustment on the effect of dilution in the results of subsidiaries	**(3.9)**	(1.7)
Profit for calculating diluted earnings per share	**8,662.4**	19,110.3

	Number of shares (million)	
	2016	2015
Weighted average number of shares for calculating basic earnings per share	**9,146.3**	8,790.3
Effect of dilutive potential ordinary shares upon the exercise of share options	**0.1**	2.0
Weighted average number of shares for calculating diluted earnings per share	**9,146.4**	8,792.3

Diluted earnings per share for the year ended 30 June 2016 and 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:

	2016 HK$m	2015 HK$m
Current to 30 days	**2,274.7**	2,859.5
31 to 60 days	**260.7**	595.1
Over 60 days	**669.8**	1,447.2
	3,205.2	4,901.8

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

	2016 HK$m	2015 HK$m
Listed securities		
Equity securities listed in Hong Kong	**-**	7.8
Property, plant and equipment	**116.7**	-
Investment properties	**-**	257.0
Assets of a subsidiary classified as held for sale (Note a)	**3,766.0**	-
Assets of the Disposal Group classified as held for sale (Note b)	**-**	2,097.8
	3,882.7	2,362.6

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

	2016 HK$m	2015 HK$m
Liabilities of a subsidiary classified as held for sale (Note a)	**83.3**	-
Liabilities of the Disposal Group classified as held for sale (Note b)	**-**	927.9
	83.3	927.9

Note:

(a) On 20 June 2016, an agreement was entered into by NWS Holdings Limited ("NWSH"), a subsidiary of the Group in respect of the disposal of its indirect wholly owned subsidiary, Shine Fame Holdings Limited ("Shine Fame", an investment holding company which holds the entire interest in the property where NWS Kwai Chung Logistics Centre is situated) and the assignment of debt at an aggregate cash consideration of HK$3.75 billion. All the conditions precedent to the sale and purchase agreement have been fulfilled and completion of the disposal took place on 31 August 2016. Assets and liabilities of Shine Fame were reclassified to assets held for sale and liabilities directly associated with assets held for sale as at 30 June 2016.

(b) On 3 July 2015, New World Development (China) Limited (“NWDCL”), a wholly owned subsidiary of New World China Land Limited (“NWCL”), entered into the sale and purchase agreement with Chow Tai Fook Enterprises Limited, the substantial shareholder of the Group, to sell its entire interest in New World Hotel Management (BVI) Limited, its subsidiaries and a joint venture (collectively referred to as the “Disposal Group”) and to assign and transfer of the shareholder’s loan. The Disposal Group is engaged in the provision of worldwide hotel management services, which is not the core business of NWCL. The disposal of Disposal Group was completed on 29 December 2015 for an aggregate consideration of HK$2,753.0 million, resulted in a gain of approximately HK$768.9 million.

8. Trade creditors

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

	2016	2015
	HK$m	HK$m
Current to 30 days	**5,496.4**	8,869.1
31 to 60 days	**894.3**	670.7
Over 60 days	**1,589.4**	1,548.3
	7,980.1	11,088.1

9. Pledge of assets

As at 30 June 2016, the assets with an aggregated amount of HK$71,775.7 million (2015: HK$61,374.1 million) were pledged as securities for certain banking facilities of the Group.

10. Contingent liabilities

The Group's financial guarantee contracts as at 30 June 2016 amounted to HK$8,209.1 million (2015: HK$7,954.1 million).

11. Event subsequent to year end

Privatisation of New World China Land Limited

On 6 January 2016, the Company and Easywin Enterprises Corporation Limited ("the Offeror"), a wholly owned subsidiary of the Company, announced a voluntary conditional cash offer by the Offeror to acquire all of the issued shares of NWCL, an indirect non wholly owned subsidiary of the Company incorporated in the Cayman Islands, other than those shares already held by the Offeror and the Company ("the Offered Shares").

On 5 April 2016, the Offeror received acceptance of approximately 98.65% of the Offered Shares. The Offeror could privatise NWCL by exercising its rights, pursuant to section 88 of the Companies Law of the Cayman Islands, to compulsorily acquire those Offered Shares not already acquired by the Offeror.

On 28 June 2016, the Offeror had despatched the compulsory acquisition notices to the shareholders of the remaining Offered Shares. Based on a search of the Cayman Islands Register of Writs and Other Originating Process maintained by the Grand Court, no remaining offer shareholder has filed an objection to the compulsory acquisition with the Grand Court of the Cayman Islands by 28 July 2016. Accordingly, the Offeror became entitled and bound to compulsorily acquire the remaining Offered Shares at HK$7.80 per remaining Offered Share in accordance with the terms of the share offer and as set out in the compulsory acquisition notice. On 3 August 2016, the compulsory acquisition was completed. As a result of and with effect from the completion of the compulsory acquisition, NWCL has become an indirect wholly owned subsidiary of the Company and the listing of NWCL shares on The Stock Exchange of Hong Kong Limited was withdrawn on 4 August 2016.

DIVIDENDS

The Directors have resolved to recommend a final dividend for the year ended 30 June 2016 of HK$0.31 per share (2015: HK$0.30 per share) to shareholders whose names appear on the register of members of the Company on 25 November 2016. Together with the interim dividend of HK$0.13 per share (2015: HK$0.12 per share), the total dividend for the financial year ended 30 June 2016 is HK$0.44 per share (2015: 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 22 November 2016 ("2016 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 29 November 2016. It is expected that the final dividend warrants and share certificates for the scrip dividend will be despatched to shareholders on or about 30 December 2016.

BOOK CLOSE DATES FOR 2016 AGM

Book close dates (both days inclusive)	:	15 November 2016 to 22 November 2016
Latest time to lodge transfers with Share Registrar	:	4:30 p.m. on Monday, 14 November 2016
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 Friday, 25 November 2016
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 2016, over 45,000 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 framework and policy of risk management, the system of internal control and the financial statements for the year ended 30 June 2016.

The financial data in respect of this results announcement of the Group’s results for the year ended 30 June 2016 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 2016, 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 on 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 over 45,000, 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 2016 and 30 June 2015 included in this preliminary announcement of annual results of 2015/2016 does 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 (Cap. 622) is as follows:

The Company had delivered 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 and will deliver the financial statements for the year ended 30 June 2016 in due course.

The Company’s auditor had reported on the financial statements of the Group for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; 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 3 July 2015, New World Development (China) Limited (the "NWDCL"), a wholly owned subsidiary of NWCL, entered into a sale and purchase agreement with Chow Tai Fook Enterprises Limited ("CTF") pursuant to which NWDCL agreed to sell and CTF agreed to acquire the entire issued share capital of, and the outstanding shareholder's loans owing from, New World Hotel Management (BVI) Limited ("NWHM") for a cash consideration of HK$2,753.0 million. NWHM is the holding company of certain companies which are principally engaged in the provision of hotel management services. The transaction was completed on 29 December 2015, resulted in a gain of approximately HK$768.9 million.

2. On 20 November 2015, the Company entered into a sale and purchase agreement with CTF pursuant to which CTF agreed to sell and assign, and the Company agreed to purchase and accept the assignment of 36% of the issued shares of Beames Holdings Limited ("Beames") and the entire amount of unsecured and non-interest bearing shareholder's loan owing from Beames to CTF for a total adjusted consideration of approximately HK$3,592.8 million. Beames, through its subsidiaries, associated companies and joint ventures, is principally engaged in hotel business operations and property investment in Hong Kong and Southeast Asia. The transaction was completed on 23 November 2015 and Beames becomes a direct wholly owned subsidiary of the Company.

3. On 2 December 2015, three sale and purchase agreements were entered into between Shengyu (BVI) Limited ("Shengyu"), an indirect wholly owned subsidiary of Evergrande Real Estate Group Limited ("Evergrande"), as buyer and NWDCL as seller in relation to the disposal of NWCL Group's interests in the property projects in Haikou, Huiyang and Hankou of Wuhan City, all of which are in the PRC, for a total consideration of RMB8,600.0 million (equivalent to approximately HK$10,424.2 million), RMB1,100.0 million (equivalent to approximately HK$1,333.3 million) and RMB3,800.0 million (equivalent to approximately HK$4,606.1 million) respectively. These transactions were completed in January 2016 and resulted in a total gain of approximately HK$4,581.2 million.

4. On 23 December 2015, a direct wholly owned subsidiary of the Company and an indirect wholly owned subsidiary of NWCL entered into a subscription agreement with Evergrande to subscribe for the 9% perpetual securities issued by Evergrande in equal shares in cash in the aggregate amount of US$900.0 million (equivalent to HK$6,993.0 million). The straight bond component of the perpetual securities is accounted for as available for sale financial assets, while the call option component is accounted for as derivative financial instruments.

5. On 29 December 2015, two sale and purchase agreements were entered into between Shengyu and NWDCL in relation to the disposal of NWCL Group's interests in the property projects in Chengdu and Guiyang, both in the PRC, for a total cash consideration of RMB2,000.0 million (equivalent to approximately HK$2,395.2 million) and RMB5,300.0 million (equivalent to approximately HK$6,347.3 million) respectively. The sale and purchase agreements for the property project in Guiyang and Chengdu were completed in February and May 2016 respectively, resulted in a total gain of approximately HK$2,022.0 million.

6. On 18 February 2016, a share purchase agreement was entered into between New World Telephone Holdings Limited ("NWTHL"), a direct wholly owned subsidiary of the Company as seller and HKBN Group Limited as purchaser in relation to the disposal of the entire equity interest of NWTHL in two wholly owned subsidiaries, Concord Ideas Ltd. and Simple Click Investments Limited at an adjusted aggregate consideration of HK$725.7 million. These two subsidiaries together with their subsidiaries are principally engaged in the provision in Hong Kong of fixed line and broadband telecommunications services and online marketing solutions services. The transaction was completed on 31 March 2016, resulted in a gain of approximately HK$283.9 million.

7. On 20 June 2016, a sale and purchase agreement was entered into between Delaware Industrial Limited as buyer and NWS FM Limited, an indirect wholly owned subsidiary of NWSH as seller, in respect of the disposal of its direct wholly owned subsidiary, Shine Fame Holdings Limited (an investment holding company which holds the entire interest in NWS Kwai Chung Logistics Centre), and the assignment of debt at an aggregate cash consideration of HK$3.75 billion (the "Disposal Transaction"). The completion of the Disposal Transaction took place on 31 August 2016.

8. On 6 January 2016, the Company and Easywin Enterprises Corporation Limited (the "Offeror"), a wholly owned subsidiary of the Company, announced a voluntary conditional cash offer by the Offeror to acquire all of the issued shares of NWCL, an indirect non wholly owned subsidiary of the Company incorporated in the Cayman Islands, other than those shares already held by the Offeror and the Company (the "Offered Shares").

   On 5 April 2016, the Offeror received acceptance of approximately 98.65% of the Offered Shares. The Offeror could privatise NWCL by exercising its rights, pursuant to section 88 of the Companies Law of the Cayman Islands, to compulsorily acquire those Offered Shares not already acquired by the Offeror.

   On 28 June 2016, the Offeror had despatched the compulsory acquisition notices to the shareholders of the remaining Offered Shares. Based on a search of the Cayman Islands Register of Writs and Other Originating Process maintained by the Grand Court, no remaining offer shareholder has filed an objection to the compulsory acquisition with the Grand Court of the Cayman Islands by 28 July 2016. Accordingly, the Offeror became entitled and bound to compulsorily acquire the remaining Offered Shares at HK$7.80 per remaining Offered Share in accordance with the terms of the share offer and as set out in the compulsory acquisition notice. On 3 August 2016, the compulsory acquisition was completed. As a result of and with effect from the completion of the compulsory acquisition, NWCL has become an indirect wholly owned subsidiary of the Company and the listing of NWCL shares on the Stock Exchange was withdrawn on 4 August 2016.

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

	FY2016 HK$m	FY2015 HK$m
Consolidated net debt	**77,048.8**	53,539.1
NWSH (stock code: 0659)	**6,141.2**	6,389.1
NWDS – net cash and bank balances (stock code: 0825)	**(207.0)**	(408.8)
Net debt (exclude listed subsidiaries)	**71,114.6**	47,558.8

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. The Renminbi exposure of the Group is mainly derived from the translation of non-current assets and liabilities of the subsidiaries, associated companies and joint ventures in Mainland China with functional currency of Renminbi and the Renminbi deposits held for future development costs to be expended to Hong Kong Dollar. As at 30 June 2016, the translation of non-current assets and liabilities of subsidiaries, associated companies and joint ventures with functional currency other than Hong Kong Dollar to Hong Kong Dollar by using exchange rates at that day resulted a loss of HK$5,937.7 million is recognised in equity. 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 2016, 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 2016, the Group had outstanding foreign currency swap contracts in the amounts of HK$387.5 million and US$347.6 million (equivalent to approximately HK$2,700.9 million).

During the year, a wholly owned subsidiary of the Group issued US$950.0 million bonds (equivalent to approximately HK$7,381.5 million) and HK$1,322.0 million bonds at fixed rates ranging from 4.375% to 4.700% due ranged from 2022 to 2026.

During the year, the Group had utilised approximately HK$21.0 billion on the privatisation of NWCL.

During the year, the Group had subscribed 9% perpetual securities in the aggregate principal amount of US$900.0 million (equivalent to approximately HK$6,993.0 million).

As at 30 June 2016, the Group's cash and bank balances (including restricted bank balances) stood at HK$55,170.8 million (2015: HK$59,465.2 million) and the consolidated net debt amounted to HK$77,048.8 million (2015: HK$53,539.1 million). The net debt to equity ratio was 38.4%, an increase of 14.3 percentage points as compared with FY2015.

As at 30 June 2016, the Group's long-term bank loans, other loans and fixed rate bonds amounted to HK$130,701.4 million. Short-term bank and other loans as at 30 June 2016 were HK$1,518.2 million. The maturity of bank loans, other loans, and fixed rate bonds as at 30 June 2016 was as follows:

	HK$m
Within one year	**18,346.3**
In the second year	**14,449.3**
In the third to fifth year	**81,625.4**
After the fifth year	**17,798.6**
	132,219.6

As at 30 June 2016, the Group's assets of HK$71,775.7 million and certain shares of subsidiaries of the Group were pledged as securities for certain banking facilities of the Group. Non-controlling interests of the Group as at 30 June 2016 decreased by HK$22,117.5 million as compared to 30 June 2015 mainly due to further acquisition of additional interests in NWCL and Beames. As a result, the equity of the Group stood at HK$200,895.3 million as at 30 June 2016.

BUSINESS REVIEW

For FY2016, the Group's revenues amounted to HK$59,570.0 million. Profit attributable to shareholders of the Company amounted to HK$8,666.3 million. The Group's underlying profit amounted to HK$9,662.2 million, up 43% year-on-year. If excluding the exchange difference attributable to New World Development Company Limited ("NWD") together with the gain on disposal of five development projects of New World China Land Limited ("NWCL") in Mainland China, the Group's adjusted underlying profit amounted to HK$6,892.6 million.

Hong Kong Property Development

In early 2016, the volatility of the global capital market and the speculation about interest rate hike in the United States fostered the wait-and-see attitude of home buyers, which in turn prompted developers' moves in adjusting their strategies in project launches in the first quarter of the year. According to the Hong Kong Rating and Valuation Department, the total transaction volume of first-hand sales and purchases of private residential units in the first half of 2016 was 5,633, representing a year-on-year decrease of 35%. In view of such challenging operating environment, some developers adopted aggressive sales strategies to boost market sentiment by providing various privilege offers and different choices of mortgage plans.

Stepped into the second quarter of 2016, a positive switch of market sentiment for home purchases was enabled, partially by the continuing prevalence of ultra-low interest rate of mortgage for home purchases in Hong Kong under subdued market expectation for interest rate hike in the United States, which trended down in terms of both pace and magnitude, and partially by the gradual recovery of Hong Kong's and China's stock markets from the doldrums in the first quarter of 2016. Premium brands and products with superior quality at prime locations had therefore become the first choices for those financially more capable home buyers, in light of the inadequacy of supply on the market.

The Group's revenue and segment contributions from property development in Hong Kong during the year under review, including the revenue from the joint-development projects, amounted to HK$12,941.9 million and HK$2,978.6 million respectively. The contribution from property sales was mainly attributable to the sales of residential units completed and recognised within this financial year, including "THE PAVILIA HILL" in North Point, "THE PARKHILL" in Yuen Long, and "Double Cove Starview Prime" and "Double Cove Grandview" both located in Ma On Shan, together with the sales of residential units for projects completed in previous financial years.

During the year under review, the Group's attributable contracted sales in Hong Kong amounted to HK$6.6 billion. The six residential projects launched by the Group during the year under review are as follows:

Initial launch	Name of project	Attributable to the Group	Location	Total number of residential units
July 2015	SKYPARK	**100%**	Mong Kok	**439**
August 2015	Double Cove Grandview	**32%**	Ma On Shan	**474**
October 2015	THE PARKHILL	**100%**	Tong Yan San Tsuen	**141**
December 2015	55 Conduit Road	**30%**	Mid Level West	**35**
March 2016	Double Cove Summit	**32%**	Ma On Shan	**176**
May 2016	BOHEMIAN HOUSE	**80%**	Sai Ying Pun and Sheung Wan	**191**

The Group has committed to using artisanal elements to exemplify the unique tastes and atmosphere carried by the New World brand, to provide the best choice to home buyers. For example, the BOHEMIAN HOUSE, a boutique project on Hong Kong Island launched by the Group in May 2016, the design concept was to elegantly integrate the beauty of simplicity into the living space and create a cultural taste of living, contrasting with the generally-held concept of luxury. Market response to the project was overwhelming with only one unit being unsold as at the end of August 2016.

The Group has actively reviewed the momentum of launching new residential projects by assessing market conditions and the needs of home buyers, with flexible product lines to address customer requirements on the market. THE MOUNT PAVILIA, a luxury residence at Clear Water Bay, will provide 680 residential units offering a blended mix of layouts. Apart from the aforesaid, the Group also plans to launch new residential projects including Tsuen Wan West Station project named as “THE PAVILIA BAY”, Sai Yuen Lane project in Sai Ying Pun and Heung Sze Wui Road Project in Tuen Mun, to bring strong momentum to the Group’s Hong Kong property development business.

Hong Kong Landbank

It is the Group’s policy to use various channels to replenish its Hong Kong landbank. Apart from public auction and tender, the Group has also pursued diversified means, including old building acquisition and agricultural land conversion, to secure a stable supply of land resources for development. As at 30 June 2016, the Group possessed a landbank with attributable GFA of around 8.3 million sq ft for immediate development. Of which, attributable residential GFA amounted to approximately 4.6 million sq ft. Meanwhile, the Group had a total of approximately 17.5 million sq ft of attributable agricultural land area in the New Territories pending for conversion, which are mainly located in Yuen Long.

Landbank by location	Attributable GFA (sq ft)
Central and Western District	**182,113**
Eastern District	**716,820**
Yau Tsim Mong District, Kowloon City District and Kwun Tong District	**3,716,158**
Tsuen Wan District, Yuen Long District and Tuen Mun District	**707,064**
Sha Tin District and Sai Kung District	**2,836,311**
Others	**107,920**
Total	**8,266,386**

Agricultural landbank by location	Total land area (sq ft)	Attributable land area (sq ft)
Yuen Long District	**13,046,947**	**12,044,389**
North District	**2,615,672**	**2,273,672**
Sha Tin District and Tai Po District	**1,983,586**	**1,983,586**
Sai Kung District	**1,357,540**	**1,160,529**
Tuen Mun District	**28,260**	**28,260**
Total	**19,032,005**	**17,490,436**

The Group has been actively carrying out old building acquisitions for sizeable redevelopment projects. Acquisition of ownership of 4A-4P Seymour Road in Mid-levels has been fully consolidated under a joint-development old building redevelopment project that the Group has 35% stake. The site area is 52,466 sq ft. With reference to the government’s latest town planning, the permitted GFA of this project upon redevelopment is approximately 472,000 sq ft of which 165,300 sq ft is attributable to the Group.

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 old building redevelopment project that the Group has 51% stake. This project has a site area of 10,682 sq ft. With reference to the government’s latest town planning, the expected attributable residential GFA of this project upon redevelopment is approximately 43,600 sq ft. This project has proceeded to the court for compulsory sale under the “Land (Compulsory Sale for Redevelopment) Ordinance”.

In January 2016, the Group won the development tender of Urban Renewal Authority’s Kowloon City Road/ Sheung Heung Road project in Ma Tau Kok. Located nearby the Ma Tau Wai Station of the Sha Tin to Central Link of the MTR under construction, the project has a site area of approximately 15,000 sq ft. Upon completion, the project is expected to provide residential GFA of approximately 110,000 sq ft, about 216 residential units.

In 2016, the Group had completed the agricultural land usage conversions for two property development projects located in Yuen Long town centre. The projects are YLTL524 and YLTL527 and the total site area of 55,064 sq ft with total GFA of approximately 192,718 sq ft.

Hong Kong Property Investment

For offices, companies from Mainland China, especially financial service institutions involving asset management and securities businesses, favoured the offices in core commercial districts for which supply had already been in shortage. According to the record of new leasing in Central in the first half of 2016, companies from Mainland China accounted for approximately 37%. While some multinational enterprises had deferred their business expansion plans in view of realigned strategies for business development, some seeking to enlarge their market share in the Asia Pacific region were seeking larger and more suitable office spaces in core districts in Hong Kong for their business integration to consolidate strengths for future business expansion. According to statistics, with a mere 1.4%vacancy rate for office buildings in core Central in the second quarter of 2016, rental performance was well supported in that locality.

For retail shops, the retail market of Hong Kong has reached a critical point of structural adjustment, following the change of consumption pattern worldwide and the change of mix of inbound travellers from Mainland China, and in the aftermath of the spanking expansion of selected major international luxury brands in Hong Kong over the past years. The overall retail sales performance of Hong Kong was suppressed by the weak performance of luxury goods such as jewellery and watches. Increasing operating costs had led to the removal of some high-end luxury brands from those street shops at prime retail locations, which were in turn taken up by mid-range brands and mass market products which addressed the daily needs of the general public. Meanwhile, the rental performance of shopping malls were well endorsed, as brands and tenants are more inclined to rent properties at major malls for well-secured visitor flow when they re-arranged their mix of outlets, geographical coverage and product mix.

During the year under review, despite the soft retail market, the Group’s gross rental income in Hong Kong increased by 6% to HK$1,573.2 million. The leasing properties attained satisfactory occupancies. Hong Kong K11, which is located in the traditional core retail and tourism district in Tsim Sha Tsui, recorded an occupancy of almost 100% during the year under review, with an average monthly pedestrian flow of approximately 1.4 million, representing an increase of 5% year-on-year. As an international high-end artisanal brand, a revolutionary museum with retail experience, Hong Kong K11 has been a popular spot for local consumers and it is planned to introduce more new food and beverage concepts together with some first-to-Hong Kong brands in the near future.

Located in the centre of Tsuen Wan, D • PARK, being "The World’s First Multiple Intelligence Kids Mall", was grandly opened in April 2016. D • PARK is backed by 100 top-tier education institutions and continuously collaborating with multiple internationally renowned education institutions to offer an array of 1,000 “Multiple Intelligences” courses; Among others, the “Multiple Intelligence Mall” of D • PARK is divided into four zones for parenting-oriented interactions, including the D-Central Park, the Amazon Academy, the Kiddy Place and the Whale Garden, to train up children’s intelligence in multiple ways. Furthermore, the tenant mix in D • PARK was also finely selected to fully cater to the needs of children and families.

For office buildings, New World Tower and Manning House, both being Grade A office buildings located in the traditional prime commercial area 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. The enhancement works of the lobby on ground floor was completed. Its office lobbies and other major facilities are gradually being upgraded.

New World Centre redevelopment project located at the core area of Tsim Sha Tsui promenade is currently progressing as scheduled. The underground retail space at 12 Salisbury Road Tsim Sha Tsui will be altered in parallel with the redevelopment project of the adjacent New World Centre.

Hotel Operations

The change in external market environment and policies in the region have varied the previous pattern of development of the tourism and hospitality industry, with heavy reliance on the rapid growth in visitor arrivals at Hong Kong from Mainland China over the past few years. Adjustment in the overall occupancy and average room rate of hotels in Hong Kong was experienced. Hotels which target visitors from Mainland China were affected to a larger extent.

For those Tariff A hotels which target business travellers and high-end customers, the consolidation was 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 of the same tier in recent years. According to the statistics of the Hong Kong Tourism Board, for the period from January to June in 2016, the number of overnight travellers from long-haul regions and short-haul regions other than Mainland China increased by 4.2% and 10.1% year-on-year respectively, providing solid support to the Tariff A hotels.

During the year under review, the segment results in hotel operations reported a decrease, mainly due to three reasons: first, the disposal of 50% interest in three hotels in Hong Kong, namely Grand Hyatt Hong Kong, Renaissance Harbour View Hotel and Hyatt Regency Hong Kong, Tsim Sha Tsui, to Abu Dhabi Investment Authority. As a result of the said disposal, those hotels were no longer accounted for as subsidiaries of the Group. The share of 50% result contribution of the three hotels is included in share of results of joint ventures and; second, related financing costs and taxation were also included in share of results of joint ventures; third, the aforesaid changes of the industrial landscape of Hong Kong tourism and hospitality.

The Group’s premium hotels in Hong Kong targeted at business travellers have become major contributors to the result of the Group’s hotel operations. The phase two renovation of approximately 160 guest rooms at Grand Hyatt Hong Kong had been completed and the function rooms together with other food and beverage outlets will start renovation in FY2017. Despite the impact on occupancy caused by the renovation during the year under review, the hotel’s average room rate remained at a satisfactory level. Renaissance Harbour View Hotel, which is adjacent to Hong Kong Convention and Exhibition Centre, benefited from the continual growth of conventions and exhibitions. The renovation of the Lobby Lounge is under progress in the first half of FY2017. Furthermore, Hyatt Regency Hong Kong, Tsim Sha Tsui, centrally located in the core of Kowloon, achieved an average occupancy of 88% and an average room rate around HK$1,900 per night during the year under review.

On 20 November 2015, the Group entered into an agreement with Chow Tai Fook Enterprises Limited (“CTFE”) to acquire 36% interests in Beames Holdings Limited (“Beames”) at a consideration of approximately HK$3,592.8 million. Beames owns equity interests and operates various hotel properties in Hong Kong and Southeast Asia, including Grand Hyatt Hong Kong, Renaissance Harbour View Hotel and Hyatt Regency Hong Kong, Tsim Sha Tsui, Rosewood Beijing, Renaissance Riverside Hotel Saigon, New World Hotel Saigon, New World Makati Hotel and Shun Tak Centre Shopping Mall in Hong Kong.

Following the abovementioned acquisition of further interests, Beames became a wholly-owned subsidiary of the Group and will effectively consolidate the Group’s interest in those hotel properties, which is consistent with the core business strategies of the Group. Besides streamlining the structure of Beames, the increase in stake in the hotel properties will provide flexibility and a wider platform for investments which will enhance recurrent income and facilitate future merger or joint venture opportunities.

As at 30 June 2016, the Group had a total of 17 hotel properties providing over 7,700 guest rooms in Hong Kong, Mainland China and Southeast Asia.

Mainland China Properties and Investment

Following Chinese President Xi Jinping's call for destocking property inventories and fostering the sustainable development of the property sector on the 11th meeting of the Central Leading Group for Financial and Economic Affairs in November 2015, a series of measures of easing policies on the property market have been successively launched, including the further relaxation of the ratio of down payment for home mortgages for first home purchases and upgraders' second home purchases, and the implementation of expansionary fiscal policies to facilitate the destocking of inventories and guide industrial transformation and upgrading.

Such measures effectively unleashed the demand for self-occupied dwellings and spurred the transaction of residential units, with relatively solid performance in traditional core areas of cities and regional hubs with vast development potential. According to the National Bureau of Statistics of China, on a nationwide basis during the period from January to June 2016, the GFA of commodity residential housing sold was 571 million sq m, an increase of 28.6% from the corresponding period of the previous year; sales amount of commodity residential housing was RMB4,180.2 billion, an increase of 44.4% from the corresponding period of the previous year.

During the year under review, NWD's proposal to privatise NWCL was supported by shareholders of both companies, enabling the proposal to proceed. In January 2016, NWD proposed to acquire, by way of a general offer, all the issued shares of NWCL and to cancel all the outstanding options of NWCL. As at 5 April 2016, NWD had received acceptances of the privatisation proposal in respect of more than 2,688 million shares or 98.65% and 100% of the share options holders also tendered their acceptance, thereupon the share offer had become unconditional and NWD exercised its rights to compulsorily acquire the remaining NWCL shares. On 3 August 2016, the compulsory acquisition was completed and NWCL has become an indirect wholly-owned subsidiary of NWD. NWCL continues to handle all the Group's property projects in Mainland China. The listing of the NWCL shares was withdrawn from the Hong Kong Stock Exchange on 4 August 2016.

In FY2016, the revenue and segment results from property development in Mainland China, including the revenue from the joint-development projects, amounted to HK$15,586.0 million and HK$4,393.2 million respectively. The contribution from property development in Mainland China was mainly attributable to the sales of the projects located in Shenzhen, Guangzhou, Shenyang, Wuhan and Tianjin. Overall contracted property sales in Mainland China in FY2016 reached a total GFA of 1.3 million sq m and the gross sales proceeds amounted to RMB22.9 billion.

During the year under review, the completed property development projects for sale and investment property projects in Mainland China amounted to a total GFA of 668,183 sq m and 167,604 sq m respectively, of which residential GFA amounted to 480,037 sq m. In FY2017, it is anticipated to complete property development projects for sale and investment property in Mainland China amounted to a GFA of 1,694,380 sq m and 909,120 sq m respectively, of which residential GFA will amount to 1,379,531 sq m.

For property leasing in Mainland China, the opening of Shanghai K11 has enhanced rental performance of the Group's trophy asset Shanghai Hong Kong New World Tower. The outperformance of Wuhan New World International Trade Tower, the key super grade A office in Central China, provided satisfactory rental contributions and achieved positive rental reversion upon tenancy renewal. Furthermore, the high-end residential cluster of the luxurious serviced apartment Canton Residence in Pearl River New Town, Guangzhou has generated strong rental income.

In December 2015, NWCL successively disposed of interests in five property projects, namely Wuhan Changqing Garden, Haikou New World • Meilisha, Huiyang Palm Island Resort, Guiyang Jinyang Sunny Town and Chengdu New World Riverside, involving a total amount of RMB20.8 billion. The aforesaid transactions are in line with the Group's continuing strategy and have evidenced the Group's achievements in effective allocation of resources and asset enhancement. It will also drive further the Group's strategy of optimising its project development and investment portfolio by putting more resources in key cities and premium projects with good development potential.

Qianhai Chow Tai Fook Global Goods Shopping Center ("CTF HOKO"), which has been jointly developed by wholly-owned subsidiaries of CTFE, Chow Tai Fook Jewellery Group Limited and NWD, opened its phase 1 in December 2015. Located in Qianhai, Shenzhen with a site area of approximately 11,000 sq m and a total GFA of approximately 19,000 sq m, the project will be completed in two phases, with phase 1 occupying a total floor area of 7,000 sq m and phase 2 occupying a total floor area of 12,000 sq m which has been soft launched in August 2016. An innovative shopping platform which gathers online and offline resources and integrates smartness, shopping and recreation, CTF HOKO is a marketplace where Hong Kong merchants establish their presence and primarily provide high-quality globally-sourced commodities and Hong Kong-style services. It offers a good variety of products to fully address the shopping, catering and entertainment needs of families. Apart from sales service available in a physical shop, online shopping service is also available from a number of merchants under "bonded display" and "cross-border e-commerce", providing consumers with the enjoyment and convenience under diversified shopping options.

The Group has been optimistic about the economic prospects of Mainland China and is confident on the development of the country. As our China property flagship in Mainland China, NWCL will strengthen the investment in key property projects with enormous development potential. In August 2016, the Group and CTFE were awarded the tender by Qianhai Authority to acquire the land use rights of the land parcel T201-0092 at Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen at a consideration of RMB 4,207.2 million. The joint venture, owned as to 30% and 70% respectively by NWCL and a wholly-owned subsidiary of CTFE, is responsible for the project development.

The project will be the second commercial project developed by the Group following its CTF HOKO in that region. The Group has also become the only Hong Kong brand which develops more than one commercial project in Shenzhen Qianhai Free Trade Zone.

T201-0092 is located in Guiwan area, being the core financial business district in Qianhai, Shenzhen, and designated for commercial use with a site area of approximately 18,218 sq m and permissible total gross floor area of 170,000 sq m, of which 148,360 sq m will be allocated for office use. It is the intention of the Group to develop a financial and commercial complex on the land. Pursuant to the terms of the tender, among other things, out of the office premises to be developed on the land, GFA of not less than 45,000 sq m but not more than 55,000 sq m and out of the commercial premises to be developed on the land, gross floor area of not more than 1,000 sq m shall be sold one-off to a foreign financial institution listed in Fortune 500 in 2015 as its regional headquarter or functional headquarter. The Group is in proactive negotiation with potential buyers.

As at 30 June 2016, the Group possessed a landbank (under development or held for development) in Mainland China with total GFA of around 11.0 million sq m, of which, residential GFA amounted to approximately 5.7 million sq m. Meanwhile, the Group had a total GFA of approximately 2.2 million sq m of completed investment properties in Mainland China.

FY2016 project completion in Mainland China – Development property for sale

Project name	Residential GFA (sq m)	Non-residential GFA (sq m)	Total GFA (sq m)
Guangzhou Covent Garden	**86,503**	**35,830**	**122,333**
Zhaoqing New World Garden	**75,523**	**6,437**	**81,960**
Langfang New World Garden	**149,556**	**69,121**	**218,677**
Wuhan Menghu Garden	**42,871**	**7,345**	**50,216**
Yiyang New World Scenic Heights	**18,294**	**2,694**	**20,988**
Anshan New World Garden	**84,087**	**12,629**	**96,716**
Tangshan New World Centre	**23,203**	**54,090**	**77,293**
Grand total	**480,037**	**188,146**	**668,183**

FY2016 project completion in Mainland China –Investment property

Project name	Office & commercial GFA (sq m)	Carpark GFA (sq m)	Total GFA (sq m)
Guangzhou Covent Garden	**1,318**	**34,501**	**35,819**
Anshan New World Garden	**-**	**45,725**	**45,725**
Tangshan New World Centre	**86,060**	**-**	**86,060**
Grand total	**87,378**	**80,226**	**167,604**

FY2017 project completion in Mainland China – Development property for sale

Project name	Residential GFA (sq m)	Non-residential GFA (sq m)	Total GFA (sq m)
Guangzhou Dong Yi Garden	**22,917**	**-**	**22,917**
Canton First Estate	**136,051**	**-**	**136,051**
Guangzhou Covent Garden	**222,441**	**-**	**222,441**
Beijing Yuzhuang Project	**101,679**	**-**	**101,679**
Shenyang New World Garden	**247,123**	**38,435**	**285,558**
Shenyang New World Centre	**307,036**	**-**	**307,036**
Langfang New World Centre	**83,975**	**103,387**	**187,362**
Langfang New World Garden	**155,240**	**62,092**	**217,332**
Wuhan Guanggu New World	**-**	**34,859**	**34,859**
Yiyang New World Scenic Heights	**15,539**	**3,393**	**18,932**
Jinan Sunshine Garden	**-**	**59,415**	**59,415**
Anshan New World Garden	**87,530**	**13,268**	**100,798**
Grand total	**1,379,531**	**314,849**	**1,694,380**

Infrastructure and Service

NWS Holdings Limited ("NWSH") is the infrastructure and service flagship of the Group. Notwithstanding persistent headwinds in the external environment and volatility in global financial market, the stable organic growth underpinned by a well-balanced and diversified asset portfolio enabled NWSH to sustain growth momentum in FY2016. During the year under review, NWSH achieved a profit attributable to shareholders of HK$4,912.8 million, representing an increase of 9.7% year-on-year.

Infrastructure: Roads, Environment, Logistics and Aviation

Traffic flow of Hangzhou Ring Road ("HZRR") increased by 2% in FY2016 but its toll revenue grew by 5% as a result of the rise in average travelling distance. NWSH completed the acquisition of the remaining 5% interest from the minority shareholder of HZRR, which is now wholly owned by NWSH.

Riding on further economic development in the Pearl River Delta Region, all the expressways in Guangdong under NWSH reported healthy growth in both traffic volume and toll revenue. Traffic volume of Tangjin Expressway (Tianjin North Section) continued to grow satisfactorily since the completion of expansion works in December 2014.

Water sales volume of Jiangsu Water Company increased by 10% whereas waste water revenue of Shanghai SCIP Water Treatment Plants increased by 9%. Qingdao Dongjiakou Waste Water Plant and Yangzhou Sludge Treatment Plant became operational during FY2016.

In December 2015, NWSH injected its interests in Chongqing Water Group into Chongqing Derun Environment Co., Ltd. ("Derun Environment") to expand its presence in the environmental services industry in Mainland China. Derun Environment made positive earnings contribution in FY2016 while its overall performance remains in line with management expectation.

Due to increasing competition from renewable energy and softening electricity demand, electricity sales volume of Zhujiang Power Plants and Chengdu Jintang Power Plant reduced by 23% and 31% respectively.

ATL Logistics Centre registered a robust average rental growth of 15% which was partly boosted by the rental adjustment of a major tenant. Its occupancy rate decreased slightly from 99.5% to 97.4% due to the tendency for tenants to consolidate or reduce their operations upon lease renewals.

To unlock and realise the full business value of the NWS Kwai Chung Logistics Centre, NWSH has disposed of its entire interest for an aggregate consideration of approximately HK$3.75 billion and the disposal was completed in August 2016.

With the introduction of containerised break-bulk cargo services in January 2015 and the increasing demand for international block train services, throughput handled by China United International Rail Containers Co., Limited grew 14% to 2,062,000 TEUs in FY2016. To meet the growing demand, the expansion works to double the handling capacity at Chongqing terminal were completed in December 2015.

To capture the growing demand for leased aircraft, NWSH entered the commercial aircraft leasing business by acquiring 40% equity interest in Goshawk Aviation Limited ("Goshawk") in February 2015 which focuses on commercial aircraft that are young, modern and in demand. The fleet size grew from 40 aircraft as at 30 June 2015 to 68 aircraft as at 30 June 2016 and thereby reached US$2.7 billion in total assets under management. All aircraft are purchased with a lease that generates steady income to NWSH.

In FY2016, NWSH established the second commercial aircraft leasing platform through the formation of a joint venture with CTFE and Aviation Capital Group Corp., one of the world's leading aircraft leasing companies based in the USA. This new joint venture, namely Bauhinia Aviation Capital Limited ("Bauhinia"), which is expected to bring recurring cash flows and stable income to NWSH in the coming years in the same way as Goshawk, will further strengthen the Group's market position in the fast growing commercial aircraft leasing industry.

Service: Facilities Management, Construction & Transport, Strategic Investments

Hong Kong Convention and Exhibition Centre ("HKCEC") delivered stable and solid results even though certain trade fairs and luxury shows had reduced in scale in the face of sluggish economic conditions. During FY2016, 1,149 events were held at HKCEC with a total patronage of approximately 5.5 million.

The performance of Free Duty in FY2016 was impacted by a slowdown in inbound Mainland tourists and the corresponding decline in visitor spending. At the same time, the change in sales mix alongside rising rental expenses exerted constant pressure on profit margins. Despite the retail headwinds, the operations at the Lok Ma Chau Station sustained steady growth.

Construction business recorded substantial growth in FY2016 due to the strong increase in business volume. As at 30 June 2016, the gross value of contracts on hand for the construction business was approximately HK$69.7 billion and the remaining works to be completed amounted to approximately HK$38.6 billion. On the other hand, NWSH transport business was able to take advantage of the rising patronage from airport bus services and steady fuel costs through a hedging programme to increase its contribution.

Tricor Holdings Limited's ("Tricor") corporate services businesses performed steadily during FY2016 and captured about 51% of the total share of new listings in Hong Kong. NWSH, together with The Bank of East Asia, Limited, are currently undertaking a strategic review on their investments in Tricor whereby various options will be considered, including potential disposal, to realise shareholder value.

Department Stores

The intensified competition brought by e-commerce and shopping malls, coupled with consumers' diverse needs and rising operating expenses, continued to impact the operating environment of the department store sector in Mainland China. In particular, e-commerce has continued to increase its market dominance. In accordance to the figures released by National Bureau of Statistics, the online retail sales in China reached RMB2,236.7 billion in the first half of 2016, representing a growth of 28.2%, among which the online retail sales of physical goods were RMB1,814.3 billion, representing an increase of 26.6%.

In response to the structural changes in the market and the industry, the department store sector was actively pursuing fundamental transformation, such as more precise market positioning and optimized merchandise and service portfolio, especially the focus on developing online and offline shopping platform. As one of the key department store brands in Mainland China since 1990's, New World Department Store China Limited ("NWDS") will be pro-actively exploring new sources of income and managing expenses. In the meantime, NWDS will revamp its operations to streamline its structure and consolidate stores resources to enhance efficiency. NWDS will also actively fine tune the cross-industry collaborations with technology companies to strengthen technology applications in business aspects and further unlock the hidden values of millions of NWDS VIPs.

In FY2016, NWDS recorded a profit attributable to shareholders of HK$45.6 million. The commission income from concessionaire sales was the major income contributor to NWDS, accounting for 54.0% of the total revenue. Proceeds from direct sales and rental income accounted for 27.4% and 17.5% respectively of the total revenue. The remaining 1.1% was derived from management and consultancy fees. Region-wise, Northern China Region contributed the most to the revenue of NWDS, amounting to 51% of total revenue, followed by the South Eastern China Region and the Central Western China Region, which accounted for 31% and 18% of the total revenue respectively.

As at 30 June 2016, NWDS operated and managed a total of 41 stores spreading across 21 cities in Mainland China with total GFA of over 1.6 million sq m.

Outlook

During the year under review, the international state of affairs experienced rapid changes and the world situation was undergoing a process of reshaping. Geopolitical conflicts, economic fluctuations and turmoil in political and economic alliances have brought uncertainties to the development prospects of the world as a whole.

In April 2016, the International Monetary Fund (IMF) published its world economic outlook named "Too Slow for Too Long", indicating that economic recovery had been slow and increasingly fragile, despite the continuation of such recovery. The global asset market became more fluctuating; developed economies showed diminished growth momentum; and emerging economies and low-income countries continued to face suppressed growth.

Among developed economies, the United States had more stable economic performance, with signs of recovery being observed in economic indicators including consumer expenditure, new residential construction and property prices, new orders etc. Whilst the rebound of consumer expenditure in the United States represents, according to Federal Reserve chair Janet Yellen, positive forces supporting employment growth in the coming months, the uncertainty surrounding the outlook for the economy in general, the constrained economic growth under weak investments and the low growth of productivity in recent years are all hurdles to the pace of economic recovery. It is expected by the market that the Federal Reserve will remain very prudent in its decision of interest rate rise in future.

In Europe, the "Leave" camp clinched victory in the Brexit referendum held on 23 June 2016. The forthcoming withdrawal of the United Kingdom (UK) from the European Union (EU) has already rippled a series of market fluctuations and speculations for future developments, including a plunge in the pound sterling, renegotiation of trade deals, regulatory regime and migration issues between the UK and the EU causing delay in corporate investments, and also embroiling the sovereign credit rating of the UK. In fact, the IMF previously pointed out the risks of economic uncertainties to be faced by the UK, the fifth largest economy in the world, upon its withdrawal from the EU, and estimated a reduction in its economic output.

In Asia, the G7 Summit was held in Japan among leaders of industrial nations in May 2016. Despite the lack of consensus on market rescue issues, member states agreed to launch fiscal stimulus packages of larger scale in view of the increasing bluntness of monetary policies, according to the declaration made after the meeting. This was followed by the announcement made by Shinzo Abe, the prime minister of Japan, to delay sales tax hike and the proposal of expansionary fiscal stimulus plans to be implemented in autumn 2016. It is generally considered that Japan must make greater efforts in economic stimulation to escape from decades of on-and-off deflation.

In China, which is the second largest economy in the world, economic growth was in line with market expectation in general. It has been projected by the central government of China that the nation's economy will undergo structural reforms, transforming from a stage of high-pace growth in the past to a new norm with progress while maintaining stability. At present, China is in a stage of "rebalancing" of its economy, shifting from an export-driven growth model to one which is centered at household consumption. The moderate monetary and fiscal policies introduced in 2015 have set off some of the unfavourable factors hindering economic growth.

According to the latest "World Economic Outlook Update" published by the IMF in July 2016, China's economic growth in 2016 and 2017 is estimated at 6.6% and 6.2% respectively, up 0.3 and 0.2 percentage points respectively from previous estimation in January 2016. It is generally considered that China's economic transformation which supports more stable and sustainable growth will, in the long run, benefit its neighbours in Asia.

As an open economy, Hong Kong faced multiple challenges in the first half of 2016, including the adversity posed by the global economic conditions, continual economic transformation in Mainland China and change of pace of development in some local segments, which suppressed the economic performance of the territory. Hong Kong's economic growth significantly slowed down to 0.8% year-on-year in the first quarter of 2016, or a drop of 0.4% on a quarter-to-quarter basis. The seasonally-adjusted unemployment rate rose by 0.1 percentage point to 3.4% in the first quarter of 2016, which stayed flat in the period from February to April.

Fortunately, benefited from the implementation of stimulus measures in different countries, the external economy steadied and signs of improvement of Hong Kong's economy were observed. In April 2016, both the rate of decline of exports value and the rate of decline of visitor arrivals narrowed, and the year-on-year drop in retail sales in the same period also improved marginally. Financial Secretary John Tsang states that the Hong Kong economic growth forecast for 2016 remains at 1% to 2%.

The property market of Hong Kong is closely related to economic development. With negative factors including the uncertainties surrounding the global economy, sales and purchases of residential units had recorded a decline in average transaction prices since the third quarter of 2015. However, economic growth and inflation rate in the United States were yet to be in such level as to support a steady cycle of interest rate hike, which softened the speculation about the frequency and magnitude of interest rate hike. Home buyers' sentiment for purchases changed from conservative to positive, unleashing some of the demand for home purchases.

Product quality and geographic advantages of particular projects are the primary factors to consider for home upgraders who have adequate monetary resources, following the low-interest environment and appreciation of fixed assets over the years. At present, concrete demand still remains for first-hand residential dwellings, especially for competitive products. That shall add to the sustainably-rising household income and new buyer's demand as well as the reasonable level of mortgage-to-income ratios to support the healthy and stable development of the residential property market of Hong Kong.

The Artisanal Movement, which marks a new page for the development of the New World brand, is a journey of surpassing design and aestheticism and exploring unlimited imagination. Original craftsmanship, blended with the spirit of ongoing innovation and pursuit of excellence, attend to every detail of customers' needs and accomplish dreams with passion. "We Create, We are Artisans". The Group believes that every member of the New World team is a craftsman, ideally giving rise to a type of unique culture and quality of modern life which is consistent with the cultural and artistic essence as well as living attitude embodied in the Group's property projects.

For property development in Hong Kong, the Group launched a series of finely-designed bespoke projects which received overwhelming market responses. The Group is actively working on the preparations for new project launches including "THE PAVILIA BAY" in Tsuen Wan, Sai Yuen Lane project in Sai Ying Pun, "MOUNT PAVILIA" in Clear Water Bay and Heung Sze Wui Road project in Tuen Mun. It is expected that a total saleable resources of more than 2,500 new residential units will be available to the market.

For landbank in Hong Kong, the Group will carefully identify and select development opportunities 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.

For property leasing in Hong Kong, in response to the changing structure and consumption patterns of consumers, the revolutionary formation of the world's first museum retail concept by K11 represented a ground-breaking initiative for the retail market to depart from tradition and mingle art with business, creating new consumption experience and brand equity. Further, based on innovative mindset and the notion of ongoing improvement, reshaping and revitalization of local communities, the Group has built "D・PARK" into "the World's First Multiple Intelligence Kids Mall", integrating in its retail business the "Theory of Multiple Intelligence" developed by a Harvard professor and psychologist, thereby solidifying the tenant mix of the mall and extending the reach of its retail presence with a multitude of brands. For the redevelopment of New World Centre, located at the core area of Tsim Sha Tsui promenade, construction is being carried out as scheduled.

The Group has adhered to the key strategy of structure and resources optimisation and continued to uplift the value of the New World brand. During the year under review, the Group proposed the privatisation of New World China Land, to further consolidate resources, create better synergy among businesses in Mainland China and Hong Kong, and focus on the two core businesses in Mainland China, namely the sale and leasing of developed property projects. New World China Land will continue to focus strategically on investing in key cities and developing key projects with vast potential.

With its forward-looking vision, innovation mindset, bespoke craftsmanship and spirit of excellence, the Group will continue to strive to create differentiated products and services of top quality, explore and generate bespoke and unique experience for customers, so as to consolidate the superior standing of the New World brand and maximise the interests of our stakeholders.

Dr. Cheng Kar-Shun, Henry
Chairman

Hong Kong, 21 September 2016

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.