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 2018/2019

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 2019 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2019

	Note	**2019 HK$m**	2018 HK$m
Revenues	3	**76,763.6**	60,688.7
Cost of sales		**(51,742.1)**	(40,125.3)
Gross profit		**25,021.5**	20,563.4
Other income		**121.4**	137.3
Other gains, net		**338.8**	4,133.4
Selling and marketing expenses		**(2,161.0)**	(1,083.8)
Expenses of department store's operation		**(2,125.6)**	(2,383.1)
Administrative and other operating expenses		**(6,298.7)**	(5,759.0)
Changes in fair value of and gain on transfer to investment properties		**10,305.7**	15,367.1
Operating profit	4	**25,202.1**	30,975.3
Financing income		**1,716.2**	1,475.2
Financing costs		**(2,472.5)**	(2,179.5)
		24,445.8	30,271.0
Share of results of			
Joint ventures		**3,670.3**	1,886.2
Associated companies		**1,012.8**	1,196.4
Profit before taxation		**29,128.9**	33,353.6
Taxation	5	**(7,489.8)**	(6,272.4)
Profit for the year		**21,639.1**	27,081.2
Attributable to:			
Shareholders of the Company		**18,160.1**	23,338.1
Holders of perpetual capital securities		**803.0**	536.6
Non-controlling interests		**2,676.0**	3,206.5
		21,639.1	27,081.2
Interim dividend of HK$0.14 per share (2018: HK$0.14)		**1,430.1**	1,414.1
Final dividend of HK$0.37 per share (2018: HK$0.34)		**3,783.6**	3,470.4
Earnings per share	6		
Basic		**HK$1.78**	HK$2.34
Diluted		**HK$1.78**	HK$2.33

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	2019 **HK$m**	2018 HK$m
Profit for the year	**21,639.1**	27,081.2
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	**54.4**	3,539.5
- deferred tax arising from revaluation thereof	**(12.4)**	(4.0)
Remeasurement of post employment benefit obligation	**(8.3)**	24.7
Fair value changes of equity investments as financial assets at fair value through other comprehensive income	**(192.7)**	-
Items that had been reclassified/may be reclassified subsequently to profit or loss		
Fair value changes of available-for-sale financial assets	-	(846.9)
Release of investment revaluation deficit to the consolidated income statement upon impairment of available-for-sale financial assets	-	7.1
Release of reserve upon disposal of available-for-sale financial assets	**-**	(78.9)
Release of reserve upon disposal of subsidiaries	**0.1**	(155.9)
Release of reserve upon deregistration of subsidiaries	**11.8**	(60.6)
Release of reserve upon return of registered capital of a subsidiary	-	(22.5)
Release of reserves upon disposal of interests in joint ventures and associated companies	**(56.7)**	36.3
Release of reserves upon reclassification of an associated company to an available-for-sale financial asset	-	53.6
Share of other comprehensive income of joint ventures and associated companies	**(997.9)**	872.3
Cash flow hedges	**(919.2)**	83.9
Translation differences	**(5,030.3)**	3,964.4
Other comprehensive income for the year	**(7,151.2)**	7,413.0
Total comprehensive income for the year	**14,487.9**	34,494.2
Attributable to:		
Shareholders of the Company	**12,394.6**	30,454.8
Holders of perpetual capital securities	**803.0**	536.6
Non-controlling interests	**1,290.3**	3,502.8
	14,487.9	34,494.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	**2019 HK$m**	2018 HK$m
ASSETS			
Non-current assets			
Investment properties		**173,326.7**	149,727.7
Property, plant and equipment		**31,024.1**	29,940.2
Land use rights		**1,213.9**	1,064.0
Intangible concession rights		**9,973.0**	11,403.5
Intangible assets		**3,464.5**	3,782.0
Interests in joint ventures		**50,865.5**	49,135.8
Interests in associated companies		**25,331.9**	24,708.2
Available-for-sale financial assets		**-**	11,778.8
Held-to-maturity investments		**-**	46.0
Financial assets at fair value through profit or loss		**8,420.9**	684.3
Financial assets at fair value through other comprehensive income		**5,038.8**	-
Derivative financial instruments		**130.8**	88.6
Properties for development		**28,922.3**	19,656.2
Deferred tax assets		**763.5**	749.3
Other non-current assets	7	**14,644.3**	6,635.1
		353,120.2	309,399.7
Current assets			
Properties under development		**34,145.5**	37,171.0
Properties held for sale		**23,130.0**	42,301.2
Inventories		**805.7**	831.5
Debtors, prepayments and contract assets	8	**25,722.0**	25,519.6
Financial assets at fair value through profit or loss		**818.5**	-
Derivative financial instruments		**6.5**	19.5
Restricted bank balances		**2.5**	67.7
Cash and bank balances		**63,729.1**	63,388.4
		148,359.8	169,298.9
Non-current assets classified as assets held for sale	9	**1,804.9**	2,756.2
		150,164.7	172,055.1
Total assets		**503,284.9**	481,454.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	**2019 HK$m**	2018 HK$m
EQUITY			
Share capital		**77,875.3**	77,525.9
Reserves		**145,989.2**	138,724.0
Shareholders' funds		**223,864.5**	216,249.9
Perpetual capital securities		**21,505.5**	9,451.8
Non-controlling interests		**29,994.5**	29,480.2
Total equity		**275,364.5**	255,181.9
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**114,558.6**	120,123.6
Deferred tax liabilities		**10,371.1**	10,287.9
Derivative financial instruments		**542.4**	365.6
Other non-current liabilities		**1,191.7**	806.5
		126,663.8	131,583.6
Current liabilities			
Creditors, accrued charges and contract liabilities	10	**48,753.0**	65,059.0
Current portion of long-term borrowings		**25,921.2**	11,851.5
Short-term borrowings		**15,854.8**	8,777.6
Derivative financial instruments		**78.3**	-
Current tax payable		**10,640.9**	8,992.4
		101,248.2	94,680.5
Liabilities directly associated with non-current assets classified as assets held for sale	9	**8.4**	8.8
		101,256.6	94,689.3
Total liabilities		**227,920.4**	226,272.9
Total equity and liabilities		**503,284.9**	481,454.8

Notes:

1. Basis of preparation

The consolidated financial statements for the year ended 30 June 2019 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, certain financial assets and financial liabilities (including financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments), which have been measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

The Company presented an expense item in relation to department store's operation in the consolidated income statement for the year ended 30 June 2019, so as to align the management's view that department store operation is a separate function of the Group and enhance the comparability of the Company’s consolidated financial statements with other companies. The comparative figures have been reclassified to conform with the current year’s presentation.

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

The Group has adopted the following new standard, amendments to standards and interpretation which are relevant to the Group’s operations and are mandatory for the financial year ended 30 June 2019:

HKFRS 9	Financial Instruments
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 - Insurance Contracts
Amendments to HKAS 40	Transfers of Investment Property
HK (IFRIC) - Interpretation 22	Foreign Currency Transactions and Advance Consideration
HKFRSs Amendments	Annual Improvements to HKFRSs 2014-2016 Cycle

Except for the impact of adoption of Hong Kong Financial Reporting Standard 9 “Financial Instruments” (“HKFRS 9”) disclosed in note 1(b) and note 2, the adoption of other amendments to standards and interpretation does not have significant effect on the results and financial position of the Group.

The Group has elected to early adopt HKFRS 15 "Revenue from Contracts with Customers" (“HKFRS 15”) for the year ended 30 June 2018 because the new accounting standard provides more reliable and relevant information for users to assess the amounts, timing and uncertainty of revenue and cash flows. The related impact of adoption of HKFRS 15 was included in the annual financial statements for the year ended 30 June 2018.

(b) Adoption of HKFRS 9

HKFRS 9 as issued by the HKICPA is effective for the financial year beginning on or after 1 January 2018.

The Group has adopted HKFRS 9 for the year ended 30 June 2019. HKFRS 9 has replaced the provision of HKAS 39– “Financial Instruments: Recognition and Measurement” (“HKAS 39”) that relate to (i) recognition, classification and measurement of financial assets and financial liabilities; (ii) derecognition of financial instruments, (iii) impairment of financial assets and (iv) hedge accounting.

HKFRS 9 replaces the multiple classification and measurement models in HKAS 39 with a single model that has three classification categories: amortised cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVPL”).

Classification of debt assets will be driven by the Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if (i) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and (ii) the contractual cash flows under the instrument solely represent payments of principal and interest. All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value and their gains and losses will either be recorded in consolidated income statement or consolidated statement of comprehensive income. For investment in debt instruments, this will depend on the business model in which the investment is held and the cash flow of the investment is solely payment of principal and interest on the principal amount outstanding. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investments at FVOCI.

As allowed in the transitional provision in HKFRS 9 (2014), comparative figures is not restated. The reclassifications and the adjustments arising from the implementation of new standard are therefore not reflected in the consolidated statement of financial position as at 30 June 2018, but are recognised in the opening consolidated statement of financial position as at 1 July 2018. The effects of the adoption of HKFRS 9 are set out in note 2 below.

1. **Basis of preparation (Continued)**

(c) New standards, amendments to standards and interpretations which are not yet effective

The following new standards, amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 July 2019 or later periods but which the Group has not early adopted:

HKFRS 16	Leases
HKFRS 17	Insurance Contracts
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKAS 1 and HKAS 8	Amendments to Definition of Material
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HK (IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments
HKFRSs Amendments	Annual Improvements to HKFRSs 2015-2017 Cycle
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The Group has already commenced an assessment of the likely impact of adopting the above new standards, amendments to standards and interpretations, in which the preliminary assessment of HKFRS 16 "Leases" ("HKFRS 16") is detailed below.

HKFRS 16 "Leases"

HKFRS 16 addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on the consolidated statement of financial position for lessees. The Group is a lessee of certain premises and properties which are currently classified as operating leases. HKFRS 16 provides a new provision for the accounting treatment of leases when the Group is the lessee, almost all leases should be recognised in the form of an asset for the right-of-use and a financial liability at the present value of lease payments that are not paid at the recognition date. The lease payments shall be discounted using either the interest rate implicit in the lease or the lessee's incremental borrowing rate. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in the consolidated statement of financial position. As for the financial performance impact in the consolidated income statement, straight-line depreciation expense on the right-of-use asset and the interest expenses on the financial liability are recognised and no rental expenses will be recognised. The combination of a straight-line depreciation of the right-of-use asset and the effective interest method applied to the financial liability will result in a higher total charge to consolidated income statement in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The Group will classify cash payment on the lease liability into a principal portion and an interest portion and will present them in the consolidated statement of cash flows.

The Group is considering to elect the modified retrospective approach upon the initial adoption. Under the modified retrospective approach, comparative information for prior periods is not restated and the Group will recognise the cumulative effect of initially applying the guidance as an adjustment to the opening balance of the consolidated statement of financial position in the year of adoption commencing on 1 July 2019.

As at 30 June 2019, the Group has non-cancellable operating lease commitments for leases of premises and properties in relation to the Group's various businesses and a lease in relation to a commercial development project in Hong Kong for a term up to 2066, which the Group will pay the higher of a guaranteed rent or revenue rent which represents 20% of the gross revenue derived from the development (subject to subsequent adjustment to 30%) throughout the lease term. It is expected that the present value of the operating lease commitments and unpaid guaranteed rent over the lease term will be required to be recognised in the consolidated statement of financial position as right-of-use assets or investment properties (depending on the management's intention on usage) and lease liabilities upon the adoption of HKFRS 16.

The Group's activities as a lessor do not expect any significant impact on the consolidated financial statements.

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

2. Change in accounting policy

As explained in note 1(b) above, the Group has adopted HKFRS 9 from 1 July 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. As allowed in the transitional provision in HKFRS 9 (2014), comparative figures is not restated.

Classification and measurement of financial instruments

From 1 July 2018, the Group classifies its financial assets as those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss) and those to be measured at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in OCI or profit or loss. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Except for trade debtors that do not have a significant financing component, at initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets at fair value through profit or loss are expensed in the consolidated income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as FVOCI where assets that are held for collection of contractual cash flows and for selling the financial assets which cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses, interest income and foreign exchange gains or losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is recognised in profit or loss using the effective interest rate method. The Group classifies its debt instruments at FVPL if the instruments do not meet the criteria for amortised cost or FVOCI. A gain or loss on a debt instrument is recognised in the consolidated income statement in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains or losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the consolidated income statement following the derecognition of the investment. Dividends income from such investments continues to be recognised in the consolidated income statement when the Group's right to receive payments is established. Changes in fair value of financial assets at FVPL are recognised in the consolidated income statement.

Impairment of financial assets

A new expected credit loss ("ECL") impairment model has been introduced which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how the Group measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for trade debtors and contract assets that do not have a significant financing component. On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade debtors and contract assets with no significant financing components), unless the assets are considered credit impaired. The Group has applied the simplified approach to recognise lifetime ECL for its trade debtors and contract assets and considers the remaining financial assets have low credit risk and hence expects to recognise 12 month ECL.

Hedge accounting

The new hedge accounting rules align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation. The Group does not expect a significant impact on the accounting for hedging relationship.

2. Change in accounting policy (Continued)

The effect of the adoption of HKFRS 9 on the Group's financial position is as follows:

	Note	As at 30 June 2018 HK$m	Effects of the adoption of HKFRS 9 HK$m	As at 1 July 2018 HK$m
Consolidated statement of financial position (extract)				
Available-for-sale financial assets	a	11,778.8	(11,778.8)	-
Financial assets at fair value through profit or loss	a	684.3	5,822.5	6,506.8
Financial assets at fair value through other comprehensive income	a	-	6,266.3	6,266.3
Held-to-maturity investments		46.0	(46.0)	-
Other non-current assets		6,635.1	46.0	6,681.1
Debtors, prepayments and contract assets	b	25,519.6	(13.1)	25,506.5
Reserves				
- Investment revaluation reserve	a	1,468.1	(1,468.1)	-
- Financial assets at fair value through other comprehensive income reserve	a	-	922.5	922.5
- Retained profits	b	123,585.9	678.7	124,264.6
Non-controlling interests		29,480.2	120.6	29,600.8
Long-term borrowings	b	120,123.6	43.2	120,166.8

Notes:

(a) The Group reclassified its equity and debt instruments (previously classified as available-for-sale financial assets under HKAS 39) to either financial assets at FVPL or financial assets at FVOCI as shown above. The reclassification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. Certain listed securities were reclassified from available-for-sale financial assets to financial assets at FVOCI. Fair value gains or losses previously recognised in investment revaluation reserve and impairment losses previously recognised in retained profits were reclassified to financial assets at FVOCI reserve. Fair value gains of HK$189.4 million were recognised in financial assets at FVOCI reserve on 1 July 2018 upon the adoption of HKFRS 9. Apart from the above, certain investments (primarily relating to investment funds) previously classified as equity securities are reclassified as debt securities upon adoption of HKFRS 9 as they do not meet the definition of equity securities in accordance with HKFRS 9.

(b) Impairment losses of HK$568.6 million previously recognised in retained profits were reclassified to financial assets at FVOCI reserve. Fair value gains previously recognised in investment revaluation reserve of HK$166.4 million were reclassified to retained profits upon the change of investments from available-for-sale financial assets to financial assets at fair value through profit or loss. Modification on financial liabilities and increase in provision for trade and other debtors of HK$56.3 million were recognised in retained profits as at 1 July 2018 upon adoption of HKFRS 9.

3. Revenues and segment information

Revenues recognised during the year are as follows:

	2019 HK$m	2018 HK$m
Revenues		
Property sales	**38,511.5**	23,380.8
Rental	**3,669.4**	3,109.9
Contracting	**17,359.6**	15,488.2
Provision of services	**9,238.8**	10,423.5
Infrastructure operations	**2,698.5**	2,814.6
Hotel operations	**1,490.9**	1,479.0
Department store operations	**3,357.8**	3,670.9
Others	**437.1**	321.8
Total	**76,763.6**	60,688.7

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 and are reviewed occasionally. The Executive Committee considers the business from product and service perspectives, which comprises property development, property investment, services (including facilities management, construction, transport and strategic investments), infrastructure (including roads, environment, logistics and aviation), hotel operations, department stores and others (including 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.

3. **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
2019								
Total revenues	**38,511.5**	**3,851.0**	**35,149.7**	**2,698.5**	**1,490.9**	**3,358.1**	**515.0**	**85,574.7**
Inter-segment	**-**	**(181.6)**	**(8,551.3)**	**-**	**-**	**(0.3)**	**(77.9)**	**(8,811.1)**
Revenues - external	**38,511.5**	**3,669.4**	**26,598.4**	**2,698.5**	**1,490.9**	**3,357.8**	**437.1**	**76,763.6**
Revenue from contracts with customers:								
- Recognised at a point in time	**38,252.1**	**-**	**6,743.3**	**2,698.5**	**576.5**	**3,357.8**	**388.0**	**52,016.2**
- Recognised over time	**259.4**	**-**	**19,855.1**	**-**	**914.4**	**-**	**49.1**	**21,078.0**
	38,511.5	**-**	**26,598.4**	**2,698.5**	**1,490.9**	**3,357.8**	**437.1**	**73,094.2**
Revenue from other source:								
- Rental income	**-**	**3,669.4**	**-**	**-**	**-**	**-**	**-**	**3,669.4**
	38,511.5	**3,669.4**	**26,598.4**	**2,698.5**	**1,490.9**	**3,357.8**	**437.1**	**76,763.6**
Segment results	**13,438.2**	**1,617.6**	**(93.2)**	**1,134.5**	**(261.3)**	**202.2**	**(255.9)**	**15,782.1**
Other gains, net	**156.2**	**43.9**	**148.0**	**91.8**	**(9.9)**	**(154.7)**	**63.5**	**338.8**
Changes in fair value of and gain on transfer to investment properties (Note a)	**-**	**10,272.0**	**33.7**	**-**	**-**	**-**	**-**	**10,305.7**
Unallocated corporate expenses								**(1,224.5)**
Operating profit								**25,202.1**
Financing income								**1,716.2**
Financing costs								**(2,472.5)**
								24,445.8
Share of results of								
Joint ventures	**1,603.0**	**326.2**	**194.0**	**1,752.8**	**11.8**	**-**	**(217.5)**	**3,670.3**
Associated companies	**(4.1)**	**199.1**	**10.8**	**802.5**	**-**	**-**	**4.5**	**1,012.8**
Profit before taxation								**29,128.9**
Taxation								**(7,489.8)**
Profit for the year								**21,639.1**
Segment assets	**104,877.6**	**178,943.2**	**24,124.1**	**17,409.8**	**18,225.0**	**3,935.2**	**14,940.2**	**362,455.1**
Interests in joint ventures	**18,456.5**	**10,465.0**	**3,464.1**	**10,355.0**	**5,200.9**	**-**	**2,924.0**	**50,865.5**
Interests in associated companies	**6,200.5**	**4,581.6**	**4,902.8**	**9,409.7**	**-**	**1.6**	**235.7**	**25,331.9**
Unallocated assets								**64,632.4**
Total assets								**503,284.9**
Segment liabilities	**29,567.2**	**2,411.4**	**11,775.2**	**531.7**	**438.4**	**3,043.0**	**2,186.2**	**49,953.1**
Unallocated liabilities								**177,967.3**
Total liabilities								**227,920.4**
Additions to non-current assets (Note d)	**11,490.6**	**10,859.1**	**3,805.7**	**34.0**	**848.5**	**92.9**	**22.6**	**27,153.4**
Depreciation and amortisation	**53.6**	**55.3**	**740.8**	**882.8**	**347.3**	**240.2**	**134.1**	**2,454.1**
Impairment charge and provision	**293.3**	**2.9**	**41.4**	**-**	**8.8**	**18.0**	**398.3**	**762.7**

3. **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
2018								
Total revenues	23,949.6	3,312.5	34,449.0	2,814.6	1,479.0	3,671.3	450.0	70,126.0
Inter-segment	(568.8)	(202.6)	(8,537.3)	-	-	(0.4)	(128.2)	(9,437.3)
Revenues - external	23,380.8	3,109.9	25,911.7	2,814.6	1,479.0	3,670.9	321.8	60,688.7
Revenue from contracts with customers:								
- Recognised at a point in time	22,783.8	-	7,763.3	2,814.6	544.6	3,670.9	216.4	37,793.6
- Recognised over time	597.0	-	18,148.4	-	934.4	-	105.4	19,785.2
	23,380.8	-	25,911.7	2,814.6	1,479.0	3,670.9	321.8	57,578.8
Revenue from other source:								
- Rental income	-	3,109.9	-	-	-	-	-	3,109.9
	23,380.8	3,109.9	25,911.7	2,814.6	1,479.0	3,670.9	321.8	60,688.7
Segment results	9,164.0	1,628.0	645.5	1,309.1	(109.3)	233.0	(179.4)	12,690.9
Other gains, net (Note b)	1,804.6	364.6	(38.7)	1,959.8	216.4	(153.5)	(19.8)	4,133.4
Changes in fair value of investment properties	-	15,273.5	93.6	-	-	-	-	15,367.1
Unallocated corporate expenses								(1,216.1)
Operating profit								30,975.3
Financing income								1,475.2
Financing costs								(2,179.5)
								30,271.0
Share of results of								
Joint ventures (Note c)	264.7	451.0	152.8	1,183.4	32.8	-	(198.5)	1,886.2
Associated companies	46.8	373.2	60.1	708.9	-	(0.6)	8.0	1,196.4
Profit before taxation								33,353.6
Taxation								(6,272.4)
Profit for the year								27,081.2
Segment assets	113,922.6	156,462.2	22,982.2	18,000.8	15,824.5	5,093.5	11,011.5	343,297.3
Interests in joint ventures	14,835.6	10,639.1	3,511.8	11,668.2	5,622.5	-	2,858.6	49,135.8
Interests in associated companies	6,360.3	4,412.5	5,618.0	8,084.6	-	1.6	231.2	24,708.2
Unallocated assets								64,313.5
Total assets								481,454.8
Segment liabilities	42,945.1	2,947.4	13,440.7	781.0	477.5	3,443.6	1,839.0	65,874.3
Unallocated liabilities								160,398.6
Total liabilities								226,272.9
Additions to non-current assets (Note d)	4,989.4	15,336.5	829.7	23.7	2,692.2	659.1	109.5	24,640.1
Depreciation and amortisation	71.8	31.2	787.6	904.2	362.5	280.6	45.6	2,483.5
Impairment charge and provision	-	-	80.4	-	-	153.0	303.2	536.6

3. Revenues and segment information (Continued)

	Revenues HK$m	Non-current assets (Note d) HK$m
2019		
Hong Kong	**50,708.9**	**159,669.2**
Mainland China	**24,908.3**	**89,955.5**
Others	**1,146.4**	**1,419.8**
	76,763.6	**251,044.5**
2018		
Hong Kong	33,397.2	132,470.3
Mainland China	26,234.0	82,742.2
Others	1,057.5	1,385.3
	60,688.7	216,597.8

Notes :

(a) For the year ended 30 June 2019, properties held for sale had been transferred to investment properties at fair value and the related changes have been included in the changes in fair value of and gain on transfer to investment properties amounted to HK$1,916.3 million.

(b) For the year ended 30 June 2018, the segment results of the infrastructure segment included gain on partial disposal and remeasurement of interests in Beijing Capital International Airport Co., Ltd, an associated company of the Group prior to partial disposal, of HK$783.8 million and HK$1,095.5 million respectively.

(c) For the year ended 30 June 2018, the share of results of joint ventures in the infrastructure segment included share of impairment losses for the underlying assets for Guangzhou City Nansha Port Expressway of HK$300.0 million, share of impairment losses for the underlying assets for Guangzhou Dongxin Expressway of HK$100.0 million and share of impairment losses for the underlying assets for Guodian Chengdu Jintang Power Generation Co., Ltd of HK$200.0 million.

(d) Non-current assets represent non-current assets other than financial instruments, interests in joint ventures, interests in associated companies, deferred tax assets and long-term loans and receivables and long-term prepayments and deposits within other non-current assets.

(e) For the year ended 30 June 2019, the Group’s operating profit before depreciation and amortisation (“EBITDA”) amounted to HK$27,656.2 million, of which, EBITDA derived from Hong Kong and property related segment amounted to 62% and 93% respectively. (2018: EBITDA derived from Hong Kong and property related segment amounted to 59% and 86% respectively.).

4. Operating profit

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

	2019 **HK$m**	2018 HK$m
Gain on remeasurement of an available-for-sale financial asset retained at fair value upon reclassification from an associated company	**-**	1,095.5
Net gain/(loss) on fair value of financial assets at fair value through profit or loss	**219.7**	(36.4)
Net gain on fair value of derivative financial instruments	**20.0**	127.7
Net gain on disposal of		
Available-for-sale financial assets	**-**	114.9
Financial assets at fair value through profit or loss	**103.5**	7.8
Investment properties, property, plant and equipment and intangible concession rights	**35.6**	232.4
Subsidiaries, joint ventures and associated companies	**598.8**	2,671.1
Cost of inventories sold	**(25,914.4)**	(16,203.6)
Cost of services rendered	**(24,094.1)**	(21,978.3)
Depreciation and amortisation	**(2,454.1)**	(2,483.5)
Write back of provision for loans and other receivables	**240.0**	90.3
Reversal of other payables	**-**	431.0
Impairment loss on		
Available-for-sale financial assets	**-**	(27.3)
Intangible assets	**(165.0)**	(192.9)
Loans, debtors and other receivables	**(344.1)**	(220.3)
Properties under development	**(237.6)**	-
Property, plant and equipment	**(16.0)**	(96.1)
Net exchange losses	**(116.1)**	(64.3)

5. Taxation

	2019 **HK$m**	2018 HK$m
Current taxation		
Hong Kong profits tax	**1,798.5**	751.9
Mainland China and overseas taxation	**2,057.7**	2,370.3
Mainland China land appreciation tax	**3,703.4**	3,187.1
Deferred taxation		
Valuation of investment properties	**175.0**	206.8
Other temporary differences	**(244.8)**	(243.7)
	7,489.8	6,272.4

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 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% (2018: 12% to 25%).

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2018: 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$954.8 million and HK$178.3 million (2018: HK$626.0 million and HK$161.3 million) respectively.

6. Earnings per share

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

	2019 HK$m	2018 HK$m
Profit attributable to shareholders of the Company for calculating basic earnings per share	**18,160.1**	23,338.1
Adjustment on the effect of dilution in the results of subsidiaries	**(5.7)**	(2.1)
Profit attributable to shareholders of the Company for calculating diluted earnings per share	**18,154.4**	23,336.0

	Number of shares (million)	
	2019	2018
Weighted average number of shares for calculating basic earnings per share	**10,212.1**	9,974.0
Effect of dilutive potential ordinary shares upon the exercise of share options	**8.4**	24.7
Weighted average number of shares for calculating diluted earnings per share	**10,220.5**	9,998.7

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares (2018: Same).

7. Other non-current assets

As at 30 June 2019, the Group's other non-current assets include deposits paid for acquisition of FTLife Insurance Company Limited ("FTLife Insurance") of HK$3,120.0 million. Unpaid commitment for acquisition of FTLife Insurance was amounted to HK$18,380.0 million (subject to adjustments).

8. Trade debtors

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

	2019 HK$m	2018 HK$m
Current to 30 days	**2,293.5**	2,675.8
31 to 60 days	**103.9**	282.7
Over 60 days	**552.4**	497.5
	2,949.8	3,456.0

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 receivables in respect of construction and engineering services are settled in accordance with the terms of respective contracts.

9. 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

	2019	2018
	HK$m	HK$m
Properties for/under development and other assets classified as held for sale	**1,804.9**	1,880.7
Investment properties	**-**	875.5
	1,804.9	2,756.2

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

	2019	2018
	HK$m	HK$m
Liabilities classified as held for sale	**8.4**	8.8

10. Trade creditors

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

	2019	2018
	HK$m	HK$m
Current to 30 days	**6,331.8**	9,974.4
31 to 60 days	**403.5**	366.5
Over 60 days	**4,392.1**	2,700.0
	11,127.4	13,040.9

11. Pledge of assets

As at 30 June 2019, assets with an aggregate amount of HK$51,612.4 million (2018: HK$61,190.9 million) were pledged as securities for certain banking facilities of the Group.

12. Contingent liabilities

The Group's financial guarantee contracts as at 30 June 2019 amounted to HK$12,383.8 million (2018: HK$10,474.3 million).

13. Event subsequent to year end

(a) On 19 July 2019, Guangdong Xin Chuan Co., Ltd. ("Xin Chuan"), an indirect wholly-owned subsidiary of NWS Holdings Limited ("NWSH"), an indirect non-wholly owned subsidiary of the Group, was determined as the winning bidder at an online public auction in its bid for acquiring the concession right (and other related rights and assets) to operate Changliu Expressway in Hunan Province, the PRC at the bid purchase price of RMB4,571.0 million (equivalent to approximately HK$5,194.3 million). As of the date of this announcement, Xin Chuan has fully paid the bid purchase price and is in the process of negotiation for a concession right agreement to be entered into with the Department of Transportation of Hunan Province, the PRC.

(b) On 26 July 2019, Esteemed Sino Limited ("Esteemed Sino"), an indirect wholly-owned subsidiary of New World China Land Limited ("NWCL") , an indirect non-wholly owned subsidiary of the Group, entered into a sale and purchase agreement with Praiseworth International Limited ("Praiseworth") and Property Giant Investments Limited ("Property Giant") which are beneficially wholly-owned by Chow Tai Fook Enterprises Limited, a substantial shareholder of the Company, whereby Praiseworth and Property Giant agreed to sell and assign, and Esteemed Sino agreed to acquire 51% interest of the entire issued share capital of Silvery Yield Development Limited ("Silvery Yield") and accept the assignment of shareholders' loans owing from Silvery Yield to Praiseworth and Property Giant , for a total consideration of RMB4,010.0 million (equivalent to approximately HK$4,556.8 million) (the "Acquisition"). Silvery Yield and its subsidiaries are principally engaged in the business of property development of Ningbo New World Plaza in Ningbo City, Zhejiang Province, the PRC.

Completion of the Acquisition took place immediately after the signing of the said agreement and Silvery Yield became an indirect wholly-owned subsidiary of the Group.

DIVIDENDS

The Directors have resolved to recommend a final cash dividend for the year ended 30 June 2019 of HK$0.37 per share (2018: HK$0.34 per share) to shareholders whose names appear on the register of members of the Company on 22 November 2019. Together with the interim dividend of HK$0.14 per share (2018: HK$0.14 per share), the total dividend for the financial year ended 30 June 2019 is HK$0.51 per share (2018: HK$0.48 per share).

Subject to the passing of the relevant resolutions at the annual general meeting of the Company to be held on 19 November 2019, it is expected that the proposed final dividend will be distributed to shareholders on or about 19 December 2019.

BOOK CLOSE DATES FOR 2019 AGM

Book close dates (both days inclusive)	:	12 November 2019 to 19 November 2019
Latest time to lodge transfers with Share Registrar	:	4:30 p.m. on Monday, 11 November 2019
Address of Share Registrar	:	Tricor Tengis Limited, Level 54, 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, 22 November 2019
Address of Share Registrar	:	Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company bought back a total of 29,758,000 shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of HK$321,014,880 (before expenses). All such bought back shares were subsequently cancelled during the year. As at 30 June 2019, the total number of shares of the Company in issue was 10,222,814,058.

Details of the shares bought back during the year are as follows:

Month	**Number of shares bought back**	**Price paid per share**		**Aggregate consideration (before expenses)**
		Highest HK$	**Lowest HK$**	**HK$**
July 2018	10,454,000	11.28	10.66	113,408,820
September 2018	6,000,000	10.92	10.62	64,512,980
October 2018	7,002,000	10.46	9.82	71,611,680
January 2019	1,308,000	10.56	10.16	13,452,680
May 2019	2,754,000	12.00	11.44	32,162,000
June 2019	2,240,000	11.80	11.26	25,866,720
	29,758,000			321,014,880

The above share buy-backs were made with a view to enhancing the earnings per share of the Company and thus benefit the shareholders as a whole.

During the year, the Company has not redeemed any of its listed securities. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2019, 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 (the "Listing Rules") for the purposes of reviewing and providing supervision over the Group's financial reporting process and risk management (including but not limited to business, operation as well as environmental, social and governance related risks) and internal control systems. 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 2019.

The financial data in respect of this results announcement of the Group's results for the year ended 30 June 2019 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 2019, 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 terms 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 2019 and 30 June 2018 included in this preliminary announcement of annual results of 2018/2019 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 2018 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 2019 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 27 November 2018, Guangzhou Xinpei Investment Co. Ltd. (廣州新沛投資有限公司) ("GXI"), an indirect wholly-owned subsidiary of the Group, entered into a transfer agreement and a cooperative development agreement with Guangzhou Metro Group Co., Ltd. (廣州地鐵集團有限公司) ("GMG"), pursuant to which GXI acquired a 65.0% stake in Guangzhou Yaosheng Real Estate Development Co., Ltd. (廣州耀勝房地產開發有限公司) (the "Target") and assumed 65.0% of GMG's loan to the Target, for a total consideration of approximately RMB4,781.3 million (equivalent to approximately HK$5,433.3 million). In turn, GMG has agreed to cooperate with GXI to develop a parcel of land located in Hanxi Village, Guangdong which will contain residential, shopping mall and office premises. The said acquisition was completed on 24 December 2018.

2. On 27 December 2018, Earning Star Limited ("Earning Star"), an indirect wholly owned subsidiary of NWSH and a subsidiary of the Group, entered into a share purchase agreement (the "Agreement") with Bright Victory International Limited ("Bright Victory"), an indirect wholly-owned subsidiary of Tongchuangjiuding Investment Management Group Co., Ltd. (同創九鼎投資管理集團股份有限公司) and certain guarantors of Bright Victory in respect of the acquisition of the entire issued share capital of FTLife Insurance, free from any encumbrance upon completion of the acquisition, by Earning Star from Bright Victory at a total consideration of HK$21.5 billion (subject to adjustments). FTLife Insurance is a life insurance company in Hong Kong providing a broad range of protective and savings-related life and medical insurance products, serving both individual and institutional clients via tied agents and brokers. Completion of the acquisition is conditional upon satisfaction and/or waiver of certain conditions precedent as set out in the Agreement.

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

	FY2019 HK$m	FY2018 HK$m
Consolidated net debt	**88,288.0**	74,859.0
NWSH (stock code: 0659)	**10.5**	3,518.0
NWDS – net cash and bank balances (stock code: 0825)	**(741.2)**	(703.6)
Net debt (exclude listed subsidiaries)	**89,018.7**	72,044.6

The Group's funding and treasury policy is designed to maintain a diversified and balanced debt profile and financing structure. 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 currency 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 2019, 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$6,169.9 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, cross currency swaps and foreign exchange forward contracts to hedge part of the Group's underlying interest rate and foreign exchange exposure. Fuel price swap contracts are also used to hedge against the fuel price rises of the Group's transport business in the Service segment. As at 30 June 2019, the Group had outstanding derivative instruments in the amounts of HK$8,600.0 million and US$600.0 million (equivalent to approximately HK$4,680.0 million) and had outstanding cross currency swaps and foreign exchange forward contracts in the amounts of HK$20,220.8 million.

In December 2018, a US$310.0 million (equivalent to approximately HK$2,418.0 million) 4.75% guaranteed notes due 2023 were issued by a wholly-owned subsidiary of the Group and listed on the Stock Exchange of Hong Kong Limited (" the Stock Exchange") at a price of 99.377% of the principal amount with net proceeds of US$307.0 million (equivalent to approximately HK$2,394.6 million).

In January 2019, a US$1,000.0 million (equivalent to approximately HK$7,800.0 million) 5.75% guaranteed senior perpetual capital securities were issued by a wholly-owned subsidiary of NWSH and listed on the Stock Exchange, among which US$800.0 million (equivalent to approximately HK$6,240.0 million) were issued at a price of 100.000% of the principal amount and US$200.0 million (equivalent to approximately HK$1,560.0 million) were issued at a price of 100.400% of the principal amount, with aggregate net proceeds of US$991.0 million (equivalent to approximately HK$7,776.9 million).

In March 2019, a US$500.0 million (equivalent to approximately HK$3,900.0 million) 6.25% guaranteed senior perpetual capital securities were issued by a wholly-owned subsidiary of the Group and listed on the Stock Exchange at a price of 100.000% of the principal amount with net proceeds of US$495.0 million (equivalent to approximately HK$3,861.0 million).

In May 2019, four guaranteed notes were issued by a wholly-owned subsidiary of the Group namely HK$103.0 million 2.65% due 2022 at a price of 99.001% of the principal amount with net proceeds of HK$102.0 million; HK$400.0 million 2.65% due 2022 at a price of 99.001% of the principal amount with net proceeds of HK$396.0 million; HK$450.0 million 3.80% due 2029 and listed on the Stock Exchange at a price of 97.789% of the principal amount with net proceeds of HK$440.1 million; and HK$650.0 million 4.05% due 2034 at a price of 95.127% of the principal amount with net proceeds of HK$618.3 million.

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Net Debt (Continued)

In June 2019, a US$650.0 million (equivalent to approximately HK$5,070.0 million) 4.25% guaranteed senior notes due 2029 were issued by a wholly-owned subsidiary of NWSH and listed on the Stock Exchange at a price of 99.718% of the principal amount with net proceeds of US$641.2 million (equivalent to approximately HK$5,011.9 million).

The proceeds from the issuance of the bonds were partly used or will be used for the acquisition and development of property projects including the Hanxi Village project in Guangdong PRC, Victoria Dockside, three joint venture property development projects on the Kai Tak runway and the acquisition of FTLife Insurance.

As at 30 June 2019, the Group's cash and bank balances (including restricted bank balances) stood at HK$63,731.6 million (2018: HK$63,456.1 million) and the consolidated net debt amounted to HK$88,288.0 million (2018: HK$74,859.0 million). The net debt to equity ratio was 32.1%, an increase of 2.8 percentage points as compared with FY2018.

As at 30 June 2019, the Group's long-term bank loans, other loans and fixed rate bonds and notes payable amounted to HK$137,042.8 million (2018: HK$131,454.1 million). Short-term bank and other loans as at 30 June 2019 were HK$14,976.8 million (2018: HK$6,861.0 million). The maturity of bank loans, other loans, and fixed rate bonds and notes payable as at 30 June 2019 and 30 June 2018 was as follows:

	FY2019 **HK$m**	FY2018 HK$m
Within one year	**40,898.0**	18,712.5
In the second year	**43,006.5**	28,454.3
In the third to fifth year	**51,816.8**	74,521.6
After the fifth year	**16,298.3**	16,626.7
	152,019.6	138,315.1

Equity of the Group as at 30 June 2019 increased to HK$275,364.5 million against HK$255,181.9 million as at 30 June 2018.

Subsequent to the year end, the Group has further issued the following guaranteed notes and guaranteed senior perpetual capital securities in July 2019:

1. A wholly-owned subsidiary of NWSH further issued US$300.0 million (equivalent to approximately HK$2,340.0 million) 5.75% guaranteed senior perpetual capital securities at a price of 104.000% of the principal amount with net proceeds (excluding accrued interest) of US$309.2 million (equivalent to approximately HK$2,411.7 million) which was consolidated and formed a single series with the original issue of US$1,000.0 million in January 2019 and are listed on the Stock Exchange.
2. A wholly-owned subsidiary of the Group further issued US$400.0 million (equivalent to approximately HK$3,120.0 million) 6.25% guaranteed senior perpetual capital securities at a price of 101.389% of the principal amount with net proceeds (excluding accrued interest) of US$401.6 million (equivalent to approximately HK$3,132.5 million) which was consolidated and formed a single series with the original issue of US$500.0 million in March 2019 and are listed on the Stock Exchange.
3. A wholly-owned subsidiary of the Group issued US$950.0 million (equivalent to approximately HK$7,410.0 million) 4.125% guaranteed notes due 2029 at a price of 98.718% of the principal amount with net proceeds of US$928.3 million (equivalent to approximately HK$7,240.7 million) and are listed on the Stock Exchange.

It is expected that equity raising of the Company is not necessary in the foreseeable future.

Business Review

In FY2019, revenues of the Group amounted to HK$76,763.6 million, up 26%. It was mainly attributable to our outperformance in Hong Kong property operations.

Property development segment recorded a 65% increase in revenues, mainly due to the Group's visionary sales strategies in Hong Kong during the second quarter in 2018, which significantly enhanced the booking contribution.

In FY2019, THE PAVILIA BAY, MOUNT PAVILIA, ARTISAN HOUSE, PARK HILLCREST, The Masterpiece, THE PAVILIA HILL, THE PARKVILLE, the Double Cove series and PARK VILLA had driven the performance in the segment. In FY2018, Hong Kong property development segment revenues were mainly attributable to the contributions from MOUNT PAVILIA, The Masterpiece, THE PAVILIA HILL and the Double Cove Series.

Property investment segment reported an increase in revenues by 18%. It was mainly due to the full year contribution from K11 ATELIER at Victoria Dockside in Hong Kong and Wuhan Guanggu K11 in Mainland China; internal reorganisation enhancing both operation and cost management and organic rental growth of existing properties. The overall occupancy of the key projects in the Hong Kong and Mainland China investment portfolio has recorded a solid performance.

The Group's segment results of FY2019 amounted to HK$19,977.8 million, up 26%. It was mainly attributable to the increase in contribution from property development segment by 59%. Segment results related to properties amounted to 83% of the total segment results.

For property development, segment results derived from Hong Kong increased by 178%. It was mainly attributable to the growth in the number of residential projects recognised in FY2019 when compared to FY2018. Majority of the units were sold before the consolidation of Hong Kong property market in the fourth quarter of 2018. Overall gross margin on Hong Kong property development segment of 34% was recorded.

Segment results in property development derived from Mainland China increased by 7%. It was mainly attributable to decent contribution from the Group's defensive portfolio in the Greater Bay Area and the projects strategically located in those provincial hubs including Shenyang and Wuhan. Overall gross profit margin on Mainland China property development segment of 46% was recorded.

Property investment segment results in Hong Kong achieved an overall satisfactory performance, attributed by solid contributions from key properties together with the full year contribution of K11 ATELIER at Victoria Dockside. The current occupancy of K11 ATELIER is around 80% and the latest rental rate has surpassed HK$100 per sq ft. However, the pre-opening and marketing expenses incurred by Victoria Dockside partially dampened the segment contribution.

Segment results in property investment derived from Mainland China increased by 14%. It was mainly due to improved contributions from the flagship projects in Shanghai. The inclusion of Wuhan Guanggu K11 with full year contribution also brought about some positive effects.

Net other gain of HK$571.8 million was mainly attributable to the disposal of subsidiaries which owned two property projects in Hong Kong and net gain on fair value of financial assets at fair value through profit or loss. Meanwhile, net exchange loss was recorded due to the fluctuation in foreign exchange rate of RMB and USD during the year under review.

The Group reported surplus in fair value changes of investment properties (including associated companies and joint ventures) of HK$10,560.1 million in FY2019. Over 92% was attributed by Hong Kong portfolio, especially from Victoria Dockside and the projects under the K11 brand.

Taxation for FY2019 increased by 19%, mainly due to higher taxation incurred from increase in the property sales in Hong Kong.

Segment performance (HK$ million)	FY2019		FY2018	
	Revenues	Segment results*	Revenues	Segment results*
Property development	**38,511.5**	**15,037.1**	23,380.8	9,475.5
Hong Kong	**23,189.1**	**7,969.6**	7,141.0	2,864.5
Mainland China	**15,322.4**	**7,067.5**	16,239.8	6,611.0
Property investment	**3,669.4**	**1,888.5**	3,109.9	1,923.3
Hong Kong	**1,942.3**	**1,016.4**	1,736.6	1,160.9
Mainland China	**1,727.1**	**872.1**	1,373.3	762.4
Hotel operations	**1,490.9**	**(249.4)**	1,479.0	(76.5)
Hong Kong	**781.8**	**(110.9)**	608.8	68.9
Southeast Asia	**295.1**	**33.1**	263.4	34.7
Mainland China	**414.0**	**(171.6)**	606.8	(180.1)
Service	**26,598.4**	**111.6**	25,911.7	858.4
Infrastructure	**2,698.5**	**3,456.8**	2,814.6	3,801.4
Department stores	**3,357.8**	**202.2**	3,670.9	232.4
Others	**437.1**	**(469.0)**	321.8	(369.9)
Total	**76,763.6**	**19,977.8**	60,688.7	15,844.6

** Segment results include share of results of joint ventures and associated companies and exclude changes in fair value of and gain on transfer to investment properties.*

During the year under review, the Group's underlying profit amounted to HK$8,814.1 million, increased by 10%, mainly excluding changes in fair value of and gain on transfer to investment properties. In FY2018, the Group's underlying profit amounted to HK$7,977.6 million.

The core earnings per share from underlying businesses of the Group increased by 8% to HK$0.86. As at 30 June 2019, net gearing amounted to 32.1%. In the foreseeable future, equity raising is not necessary for the Company.

In FY2019, the Group's EBITDA amounted to HK$27,656.2 million, of which, EBITDA derived from Hong Kong and property related segment amounted to 62% and 93% respectively. (In FY2018, EBITDA derived from Hong Kong and property related segment amounted to 59% and 86% respectively.)

As at 31 August 2019, the unrecognised attributable income from sales of property development in Hong Kong amounted to HK$11,233 million, of which, HK$4,040 million and HK$6,046 million are expected to be recognised in FY2020 and FY2021 respectively.

As at 31 August 2019, the unrecognised gross income from sales of property development in Mainland China amounted to RMB3,551 million, of which, RMB3,179 million and RMB335 million are expected to be recognised in FY2020 and FY2021 respectively.

Operational review of NWD's core business

Hong Kong Property Development

The widespread impact of the US-China trade conflict and the weakening sentiment in the investment market which spread across the local property market resulted in a decrease in primary private residential transactions in 2018. However, the strong pent up demand for home ownership in Hong Kong coupled with the slight adjustment of residential prices and the continuation of low housing supply in the future triggered a market rebound in the second quarter of 2019. Meanwhile, as the low interest rate environment in Hong Kong continued due to the early suspension of the US Federal Reserve's interest rate hike cycle, the consumer confidence in home buying was strengthened.

In FY2019, THE PAVILIA BAY, FLEUR PAVILIA, MOUNT PAVILIA, ARTISAN HOUSE, PARK HILLCREST, The Masterpiece, THE PAVILIA HILL, THE PARKVILLE, the Double Cove series and PARK VILLA had driven the performance in Hong Kong property development segment.

During the year under review, the Group's attributable contracted sales in Hong Kong amounted to HK$10.5 billion, outperforming the HK$10 billion sales target. The attributable contracted sales were mainly contributed by residential projects including ARTISAN GARDEN, MOUNT PAVILIA, FLEUR PAVILIA, TIMBER HOUSE, ATRIUM HOUSE, The Masterpiece, Reach Summit, as well as two non-core industrial projects with an area of 160,000 sq ft in aggregate together with a commercial property on Hong Kong Island.

In the first half of 2019, the Group launched three new residential projects, namely ARTISAN GARDEN, TIMBER HOUSE and ATRIUM HOUSE, offering 847 units in total. Among them, ARTISAN GARDEN and TIMBER HOUSE were sold out quickly, ATRIUM HOUSE was well received by the market and nearly 70% of the units had been sold. According to the completion schedule of the Group, sales revenues of the three projects aforementioned will be booked in FY2021 and FY2022 respectively.

The Group has been disposing of non-core assets according to its established strategies to optimise its assets and business portfolio. During the year under review, 169 car parking spaces in Riviera Gardens, Tsuen Wan were transacted and the provisional sale and purchase agreement of a commercial property on Hong Kong Island was signed with deposit received, which is expected to be recorded in FY2020. The Group will continue to review the disposal opportunities of non-core assets and active negotiations are underway.

As at 15 September 2019, the Group had a total of 365 residential units available for sale. The Group plans to launch a key residential project at Tai Wai station in 2020, of which more than 3,000 residential units will be rolled out gradually. In addition, the office project in Cheung Shun Street, West Kowloon with a GFA of approximately 520,000 sq ft will also be launched in 2020.

Hong Kong Property Investment and Others

International trade relations continued to be under strain while enterprises reconsidered their development plans in view of uncertainties. Correction was seen in the leasing market of Grade A office buildings in Hong Kong as some enterprises relocated from Central to nearby sub-core districts where rents were lower, resulting in better leasing performance in Tsim Sha Tsui and Island East. Since the vacancy rate continued to stay at a low level, rents in Central remained largely stable.

Following the operation of High Speed Rail and Hong Kong-Zhuhai-Macao Bridge, total tourist arrivals to Hong Kong increased significantly in 2018. The retail sector picked up and total retail sales in 2018 rose by 8.7%. However, overshadowed by the trade dispute, the depreciation of RMB and the recent social events, consumer sentiment became more cautious starting from 2019.

During the year under review, the Group's gross rental income in Hong Kong amounted to HK$1,942.3 million, representing an increase of 12%, mainly attributable to the full year contribution from K11 ATELIER at Victoria Dockside. Satisfactory occupancy rates were achieved for the major investment property projects in Hong Kong.

Victoria Dockside, a new global landmark located at the core area of Tsim Sha Tsui waterfront in Kowloon with a total GFA of approximately 3 million sq ft, accommodates K11 ATELIER, K11 ARTUS, K11 MUSEA that offers unparalleled novel experience of art, design and leisure as well as a luxury hotel Rosewood Hong Kong and Rosewood Residences.

The Grade A office building K11 ATELIER was completed and commenced operation in the second half of 2017. Currently, around 80% were leased, with several large multinationals were engaged. K11 ARTUS is the first luxury hospitality and serviced apartment extension of K11 which shapes up a unique hospitality culture. The project comprises 287 suites and has begun operation in stages since July 2019. Monthly rent has set a new record for serviced apartments in Kowloon.

K11 MUSEA, a cultural landmark situated in the heart of Victoria Dockside, commenced operation in late August 2019 to create a new museum-retail experience for millennials around the world. Created by 100 local and international creative powers, K11 MUSEA houses more than 250 international brands and flagship stores. Currently, over 95% of the project were leased.

K11 ATELIER KING'S ROAD, a Grade A office building on Island East and the first in the world awarded Platinum levels of the WELL Building Standard™ Pre-certification, occupies a total GFA of approximately 488,000 sq ft and is located next to the Quarry Bay MTR station. Currently, around 57% was committed. The project is expected to be delivered starting from early 2020.

Citygate extension in Tung Chung, of which the Group has a 20% interest, opened in August 2019. With a total GFA of approximately 470,000 sq ft, 98% was leased. In addition, the development of Grade A office project in King Lam Street, West Kowloon is making good progress. With a total GFA of approximately 1 million sq ft, the project will fuel the development of the emerging business district.

Hong Kong K11 currently recorded an occupancy rate of 99%, with an average monthly footfall of approximately 1.5 million. Major renovation for Hong Kong K11 is now in progress. The whole revamp is scheduled to be completed in phases by mid-2020.

For office buildings, New World Tower and Manning House located in Central reported stable performance. The gross rental income of New World Tower increased by mid-single digit while the office portion recorded an occupancy rate of 98%.

Hong Kong Landbank

Limited land supply is the fundamental problem of the Hong Kong property market. The Group took initiative and won the bids for three residential sites on the Kai Tak runway through consortiums during the year under review. The three projects have a total GFA of 1.9 million sq ft in aggregate, of which approximately 360,000 sq ft is attributable to the Group. The three sites are in close proximity to one another and considerable synergy is expected.

Apart from public tenders, the Group made use of diversified channels to replenish its landbank in Hong Kong and actively undertook old building acquisitions and farmland conversions in order to secure a stable supply of land resources for future development.

Acquisition of over 90% ownership of State Theatre Building, a residential and commercial property located at 277-291 King's Road, North Point, was completed by the Group during the year under review. The site area of this old building redevelopment project is approximately 36,200 sq ft and the application for compulsory sale under the Land (Compulsory Sale for Redevelopment) Ordinance has been made to the court.

As at 30 June 2019, the Group had a landbank with an attributable total GFA of approximately 9.1 million sq ft in Hong Kong available for immediate development, of which approximately 4.2 million sq ft were for property development use. Meanwhile, the Group had an agricultural landbank in the New Territories with an attributable total site area of approximately 16.9 million sq ft pending for land use conversion.

Eight projects with a total GFA of approximately 1.8 million sq ft located in Yuen Long and Fanling are under active negotiation with the authority on usage conversion, of which a total GFA of approximately 500,000 sq ft has entered the final stages.

Landbank by district	Property Development Attributable total GFA (sq ft '000)	Property Investment Attributable total GFA (sq ft '000)	Total (sq ft '000)
Hong Kong Island	165	-	165
Kowloon	1,838	1,099	2,937
New Territories	2,207	3,767	5,974
Total	**4,210**	**4,866**	**9,076**

Agricultural landbank by district	Total site area (sq ft '000)	Attributable site area (sq ft '000)
Yuen Long District	12,595	11,596
Northern District	2,600	2,245
Sha Tin District and Tai Po District	1,955	1,901
Sai Kung District	1,309	1,118
Tuen Mun District	19	19
Total	**18,478**	**16,879**

The contract for the design, construction and operation of Kai Tak Sports Park was awarded to Kai Tak Sports Park Limited, a subsidiary owned by NWD and NWSH, in December 2018 for a period of 25 years. The Hong Kong Government will be responsible for all construction costs. Construction work of the sports park commenced in the second quarter of 2019 and is expected to be completed in 2023. Upon completion, it will become a new landmark in Hong Kong and the Greater Bay Area.

Mainland China Property Development

Establishing and enhancing a long-standing mechanism for the stable and healthy development of the property market, adhering to the goals of stabilising land prices, house prices and expectations, implementing city-specific policies and category-based guidance, as well as solidifying the primary responsibilities of local governments will continue to be the main themes of the property market future development in Mainland China.

A number of provinces and cities adjusted their policies according to their respective demand and supply and market exuberance. In particular, the residential prices of first- and second-tier cities became rational again after several rounds of control measures as some of the inelastic home-purchasing demand was alleviated. The population influx as a result of urbanisation as well as the preferential treatment to talents and relaxation of settlement policies in certain cities also provided a continuous driving force for the development of the property market in those cities.

The Group's property business in Mainland China is operated by its wholly owned subsidiary New World China Land Limited ("NWCL"). In FY2019, Guangzhou Covent Garden, Shenyang New World Garden, Guangzhou Park Paradise, Wuhan New World • Times, Guangzhou Foshan Canton First Estate, Beijing New World • Li Zun, Langfang New World Garden, Shenzhen New World Signature Hill and Guangzhou Dong Yi Garden had driven the performance in Mainland China property development segment.

During the year under review, overall property contracted sales area in Mainland China reached approximately 670,000 sq m and RMB19.8 billion in gross sales proceeds, outperforming the FY2019 sales target of RMB16 billion. The average selling price of overall residential contracted sales was RMB 31,000 per sq m. The major contributors were the Guangzhou Park Paradise, Guangzhou Covent Garden, Shenyang New World Garden, Ningbo New World Plaza, Guangzhou Foshan Canton First Estate and Guangzhou Dong Yi Garden.

As for the geographical distribution of contracted sales proceeds, Southern region, with Greater Bay Area as the core, was the largest contributor, accounting for 60%, followed by North-eastern region and Eastern region, accounting for 18% and 10%, respectively.

	Residential contracted sales		Non-residential contracted sales	
Region	**Area (sq m ’000)**	**Proceeds (RMB million)**	**Area (sq m ’000)**	**Proceeds (RMB million)**
Southern region	289	11,573	7	220
Central region	76	1,164	13	162
Eastern region	41	2,009	-	-
Northern region	41	974	5	40
North-eastern region	148	2,853	47	765
Total	**595**	**18,573**	**72**	**1,187**

In September 2019, the Group entered into an agreement to dispose of the entire interest in Hunan Success New Century Investment Company Limited at the consideration of RMB2,185 million subject to the terms and conditions contained therein. The asset of this company is Changsha La Ville New World. The disposal enables the Group to realise cash resources and unlock value at fair market value.

The GFA of development property completed (excluding carpark) during the year under review amounted to 660,168 sq m, of which 85% were residential which mainly located in Guangzhou and Shenyang. It is expected the completion to reach 910,585 sq m in FY2020, representing an increase of 38% year-on-year.

FY2019 project completion in Mainland China –Property development

Project/GFA (sq m)	**Residential**	**Commercial**	**Office**	**Total (excluding carpark)**	**Total (including carpark)**
Guangzhou Dong Yi Garden Phase 5	24,456	-	-	24,456	24,456
Guangzhou Park Paradise District 3 Phase 1 (A1-A7)	136,671	-	-	136,671	136,671
Guangzhou Foshan Canton First Estate CF-20 Phase 2	34,751	-	-	34,751	45,371
Guangzhou Foshan Canton First Estate CF-27A/29	-	942	-	942	40,263
Yiyang New World Scenic Heights Phase 1D	14,321	-	-	14,321	14,321
Yiyang New World Scenic Heights Phase 1E	20,771	1,139	-	21,910	21,910
Langfang New World Garden District 2	50,441	7,267	-	57,708	57,708
Langfang New World Centre District A	-	-	-	-	34,218
Shenyang New World Commercial Centre Phase 2	-	25,700	50,971	76,671	76,671
Shenyang New World Garden Phase 2D2	170,077	-	-	170,077	170,077
Shenyang New World Garden Phase 2E	42,430	-	-	42,430	42,430
Anshan New World Garden Phase 1B1	66,729	13,502	-	80,231	80,231
Total	**560,647**	**48,550**	**50,971**	**660,168**	**744,327**

FY2019 project completion in Mainland China – Property investment, hotel and others

Project/GFA (sq m)	Commercial	Hotel	Others	Total (excluding carpark)	Total (including carpark)
Guangzhou New World • NEW PARK	90,726	-	-	90,726	90,726
Guangzhou Park Paradise District 3 Phase 1	-	-	-	-	95,435
Guangzhou Dong Yi Garden Phase 5	-	-	-	-	2,947
Guangzhou Foshan Canton First Estate CF-21*	-	-	3,375	3,375	3,375
KHOS Langfang	-	46,421	-	46,421	46,421
Shenyang New World Garden 2D-2	7,671	-	-	7,671	94,612
Shenyang New World Commercial Centre Phase 2	-	-	-	-	19,354
Anshan New World Garden Phase 1 B1	-	-	-	-	18,828
Total	**98,397**	**46,421**	**3,375**	**148,193**	**371,698**

**Kindergarten*

FY2020 estimated project completion in Mainland China – Property development

Project/GFA (sq m)	Residential	Commercial	Office	Total (excluding carpark)	Total (including carpark)
Guangzhou Foshan Canton First Estate CF-30	21,325	-	-	21,325	21,325
Guangzhou Foshan Canton First Estate CF-31	44,020	-	-	44,020	44,020
Guangzhou Foshan Canton First Estate CF-27B	30,210	-	-	30,210	30,210
Guangzhou Foshan Canton First Estate CF-35	2,720	-	-	2,720	3,434
Wuhan New World • Times Site B	37,522	-	-	37,522	96,220
Changsha La Ville New World Phase 4A	81,499	1,284	-	82,783	109,645
Ningbo New World Plaza land No.7-10	137,652	25,973	-	163,625	269,790
Ningbo New World Plaza land No.11	-	9,702	57,055	66,757	90,010
Ningbo New World Plaza land No.12	-	8,085	12,331	20,416	52,900
Beijing New View Commercial Centre	-	9,063	12,231	21,294	25,367
Shenyang New World Centre SA1-3	-	287,085	-	287,085	287,085
Shenyang New World Garden Phase 2E	55,235	-	-	55,235	55,235
Anshan New World Garden Phase 1B2	59,685	8,611	-	68,296	85,623
Anshan New World • The Grandiose Phase 1B	9,297	-	-	9,297	9,297
Total	**479,165**	**349,803**	**81,617**	**910,585**	**1,180,161**

FY2020 estimated project completion in Mainland China – Property investment, hotel and others

Project/GFA (sq m)	Commercial	Office	Hotel	Total (excluding carpark)	Total (including carpark)
Guangzhou Park Paradise District 5 Land No. 1	22,763	-	-	22,763	35,365
KHOS Guangzhou	6,787	-	53,594	60,381	80,672
Guangzhou Park Paradise District 5 Land No. 2	2,596	-	-	2,596	4,974
Wuhan New World Centre Phase 3	32,294	56,320	-	88,614	145,333
Shenyang New World Garden Phase 2E	-	-	-	-	40,878
KHOS Shenyang	-	-	69,751	69,751	69,751
pentahotel Shenyang	-	-	29,924	29,924	29,924
Total	**64,440**	**56,320**	**153,269**	**274,029**	**406,897**

Mainland China Property Investment and Others

The consumption patterns in Mainland China are gradually changing as the new generation of youth becomes the major consumers. Diversification of consumption patterns is evidenced by the shift from basic consumption in the past to consumption upgrade and experience-based consumption as well as the extension of offline consumption scenarios to online ones. Meanwhile, cross-sector marketing is being promoted to complete the whole consumption experience.

During the year under review, the Group recorded a gross rental income of HK$1,727.1 million in Mainland China with an increase of 26%.

During the year under review, the commercial project of New World · NEW PARK in Guangzhou commenced operation in December 2018. In addition, Shanghai Hong Kong New World Tower which houses Shanghai K11, the first art mall in Mainland China, recorded satisfactory occupancy.

Meanwhile, K11 Art Mall Wuhan is scheduled to open in Wuhan in late 2019. It will further increase the rental contribution from Mainland China.

Mainland China Landbank

Following the projects acquired in Shenzhen Qianhai, Shenzhen Prince Bay and Guangzhou Zengcheng, the Group moved another step forward to enhance the portfolio in the Greater Bay Area during the year under review.

In November 2018, NWCL successfully acquired 65% equity interest of a subsidiary of Guangzhou Metro Group, which owned a land parcel at Hanxi Changlong in Guangzhou, to jointly develop the land. With a total GFA of more than 300,000 sq m, the project will be developed into an urban complex for commercial, office and residential use.

In addition, NWCL actively engaged in old city redevelopment. During the year under review, according to the announcements of the voting results of the cooperation agreements of the Shiweitang Street Shancun Joint Economic Cooperation Association in Liwan District, Guangzhou and the Changgang Street Lianxing Nanjicun Nanji Joint Economic Cooperation Association in Haizhu District, Guangzhou, NWCL has become the intended cooperative enterprise for the redevelopment of the two old villages.

The Shancun old village redevelopment project is primely located in the business district of Baietan in Guangzhou, adjacent to four subway lines and the mature living cluster of NWCL's Guangzhou Covent Garden. It is set to be another new key focus of the Group in Guangzhou. Construction of Ruyifang Tunnel, a cross-river passage in the business district of Baietan that connects Inner Ring Road and Baietan in Liwan District, has commenced and is expected to be completed in 2022. The function of Baietan as transport hub in western Guangzhou will then be strengthened, creating huge potential for the project.

The Nanjicun redevelopment project in Haizhu District is located in Guangzhi New Town. It is separated from Guanggang New Town, which is next to the business district of Baietan in Liwan District, by Zhujiang River. In addition to the riverside scenery, Guangzhi, Guanggang and its neighbouring Guangchuan area on the coasts of Zhujiang River are one of the important areas of the Guangzhou redevelopment projects. Taking advantage of the Zhujiang-Xijiang Economic Belt, it is set to be the development hub of western Guangzhou in the future.

To optimise project coverage in key cities other than the Greater Bay Area, the Group acquired the remaining 51% interest of Ningbo New World, a commercial and residential complex project, for RMB4 billion in July 2019. The project is located at Sanjiangkou, the central business district of Ningbo, and is planned to be developed into K11 Art Mall, Rosewood Hotel, Ningbo Tower, office buildings, high-end residences, business and leisure avenues and the first K11 Art Park located in the city centre of Ningbo.

In July 2019, the Group successfully obtained a land parcel for commercial and residential purposes in Wangjiang New Town, Shangcheng District, Hangzhou through a public tender offer at approximately RMB9.79 billion. With a total GFA of approximately 454,000 sq m, the project will strengthen the strategic layout of the Group in key cities in the Yangtze River Delta. Hangzhou is one of the core cities in the national strategy of integrated regional planning of the Yangtze River Delta. Wangjiang New Town is the newly developed core area positioned as an intelligence industrial park in Shangcheng District, Hangzhou. The land is adjacent to Wujiang Road station of Hangzhou Metro Line 1, Chengzhan Station of the planned Line 7 and Hangzhou Railway Station, hence an important transport hub.

In September 2019, NWCL obtained the Tagang Village project in Yongning Street, Zengcheng District, Guangzhou with the reserve price of RMB 3.4 billion. The Tagang Village project is a second-class residential land with a total GFA of over 320,000 sq m, of which, around 70,000 sq m of resettlement property will be repurchased by the government at cost. The project is located in the Zengcheng Economic and Technological Development Zone and the Guangzhou-Shenzhen Science and Technology Innovation Corridor. In addition, various industries are clustering in that area and hence there is enormous potential for future development.

In the meantime, NWCL and Dawanggang Society, which is under Tagang Village, reached a cooperation agreement in September 2019 to participate in the old village redevelopment.

Newly acquired project Total GFA (sq m)	**Residential**	**Commercial**	**Office**	**Other**	**Total (excluding carpark)**
Hangzhou Wangjiang New Town project	150,627	165,860	110,699	26,700	453,886
Guangzhou Zengcheng Tagang Village project	289,410	34,741	-	-	324,151

As at 30 June 2019, the Group had a landbank (excluding carpark) with a total GFA of approximately 6.5 million sq m available for immediate development in Mainland China, of which approximately 3.9 million sq m is for residential use.

Core property development projects were primarily located in Guangzhou, Foshan, Shenzhen, Wuhan, Ningbo, Beijing and Shenyang, constituting a landbank (excluding carpark) with a total GFA of approximately 5.3 million sq m, of which 51% was located in the Greater Bay Area and 2.9 million sq m is for residential use.

Region/ (sq m ‘000)	**Total GFA (excluding carpark)**	**Residential GFA**
Southern region	2,668	1,629
Central region	1,140	674
Eastern region	489	138
Northern region	610	254
North-eastern region	1,576	1,214
Total	**6,483**	**3,909**
Of which, core projects	**5,277**	**2,869**

Key projects in the Greater Bay Area

Shenzhen Prince Bay project

Located in proximity to the brand new cruise homeport in Shekou, Shenzhen, the project commands unrivaled harbour views and geographic advantage. The project is a joint development of the Group and China Merchants Group with a GFA of approximately 390,000 sq m and will be built into a large complex integrating diverse functions such as commercial facilities, offices and apartments. With its commercial portion featuring Shenzhen’s first K11 Art Mall as well as the family leisure brand D・PARK, it is set to become the most spectacular commercial complex in the area upon completion. Construction of the office and apartment portions commenced in 2017 and units are scheduled for launch in late 2019. Construction of the K11 Art Mall and D・PARK also commenced in the fourth quarter of 2018.

Qianhai CTF Finance Tower
The project is situated within the core section of the Shenzhen Qianhai Free Trade Zone with a GFA of approximately 180,100 sq m. It will be built into landmark twin towers and is scheduled to be completed by the end of 2021. The project is positioned as a world-class financial, commercial and service complex, aiming to help facilitate the development of Qianhai, Shenzhen into an economic and financial hub. Incorporating the concept of sustainable development, the project has been awarded the LEED Gold-level Pre-certification by the US Green Building Council and the Gold levels of the WELL Building Standard™ Pre-certification, and is expected to receive a Three-star rating under China's Green Building Evaluation Standard next year.

Guangzhou Panyu Hanxi Changlong project
The project sits atop the interchange station between Metro Line 3 and Line 7 as well as the Foshan-Dongguan Intercity Railway at the South China Cluster in Panyu District, Guangzhou and claims fast access to the Zhujiang New Town Central Business District, Guangzhou South Railway Station and Guangzhou Baiyun International Airport, locating at a prime position connecting Guangzhou, Foshan and Dongguan, three major cities in the Greater Bay Area. The project will be built into a commercial and residential integrated urban landmark comprising D • PARK, the novel family-friendly concept shopping mall, Grade A offices and premium residences to create a vibrant city life. The project is scheduled for completion in phases in 2023 to provide a GFA of over 500,000 sq m.

Zengcheng composite development project
The project located in the Eastern Transport Hub of Guangzhou will be built into a Silicon Valley-like home for top talents, bringing together a residential community for elite youngsters, a rendezvous for urban professionals and a hub for high-end corporations. The project provides a GFA of approximately 388,000 sq m and features landmark twin towers incorporating green ideas as well as the design concept of "co-work, co-live, co-play". With meticulous craftsmanship and boundless imagination, we are creating a core intelligent international community in Guangzhou East and stepping up our effort on all fronts to bolster the economic development of Zengcheng District. Construction of the project commenced in March 2018 and market launch in stages is scheduled for the fourth quarter of 2020.

Hotel
The Group's premium hotel projects in Hong Kong are the main contributor of the hotel operations. During the year under review, the average occupancy rate of The Hyatt Regency Hong Kong in Tsim Sha Tsui, a tourist hotspot in Hong Kong, was 94%. The completion of the Central-Wan Chai Bypass strengthened the connection between the two major business districts in Hong Kong and the average occupancy rate of Grand Hyatt Hong Kong in Wan Chai maintained at 83%, whereas that of Renaissance Hong Kong Harbour View Hotel, which was adjacent to the Hong Kong Convention and Exhibition Centre, recorded at 83%.

Situated in Victoria Dockside at the core location of Tsim Sha Tsui in Kowloon, Rosewood Hong Kong opened in March 2019, offering 413 guest rooms and 186 luxury Rosewood Residences. The hotel has a 34,450 sq ft luxurious meeting and event space. In addition, the pillarless Grand Ballroom with an area of 10,700 sq ft, The Pavilion with an area of 10,700 sq ft, and Pavilion Hall with an area of 3,122 sq ft and dramatic floor-to-ceiling windows are being offered.

In Mainland China, the three hotels of different segments in Beijing all recorded satisfactory performance with average occupancy rates ranging from 78% to 85% during the year under review.

As at 30 June 2019, the Group had a total of 16 hotel properties in Hong Kong, Mainland China and Southeast Asia, providing more than 7,000 rooms.

NWS Holdings Limited

During FY2019, NWS Holdings Limited ("NWSH") has made significant progress in its various business segments, namely, the acquisition of Hunan Sui-Yue Expressway, the acquisition of Sky Aviation Leasing International Limited ("Sky Aviation"), the winning of the contract for the design, construction and operation of the Kai Tak Sports Park together with NWD and the acquisition of FTLife Insurance, with completion subject to relevant regulatory approval.

NWSH has also streamlined the business portfolio and focused further on the core businesses by disposing of some non-core assets including Urban Parking (Beijing) Limited, minority interests in two port projects in Tianjin, and further reduced the stake in one of NWSH's financial assets in Beijing Capital International Airport Company Limited ("BCIA").

Operational Review of NWSH's Core Business

As affected by the fluctuation of RMB during FY2019, the contribution of the Roads business decreased by 7%. Excluding the exchange rate effect, the contribution would have increased by 4% which is in line with overall growth in toll income.

NWSH's four anchor expressways which contributed more than 80% to the Roads business, namely Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section), continued to register steady traffic growth with the highest growth rate at 14%. Traffic flow of seven expressways in the Greater Bay Area grew in FY2019 by up to 21%.

Following the acquisition of Hubei Suiyuenan Expressway in January 2018, NWSH continued to strengthen its presence in Hunan and Hubei provinces during FY2019, 40% interest of Hunan Sui-Yue Expressway was acquired. This 24.08 km long dual 3-lane expressway served around 30,000 vehicles per day and provided immediate contribution to NWSH.

The Aviation segment mainly includes NWSH's commercial aircraft leasing business, namely Goshawk Aviation Limited ("Goshawk"), and its investment in BCIA. The decrease in contribution of the Aviation segment was mainly due to the reclassification of investment in BCIA from an associated company to a financial asset in FY2018, and the non-cash mark-to-market loss on interest rate swap contracts recognised by Goshawk as a result of falling swap rates during FY2019 as well as the one-off acquisition expenses relating to Sky Aviation.

NWSH's commercial aircraft leasing business expanded rapidly in FY2019. With the milestone acquisition of Sky Aviation by Goshawk in September 2018, Goshawk's lease income has grown significantly in FY2019. Subsequently through the inaugural issuance of Asset-Back Securities ("ABS") in June 2019, Goshawk raised a total of US$643.6 million. The successful issuance of the ABS not only allowed Goshawk to broaden its fund raising channel to fuel its future growth, but also further validated Goshawk's presence in the market and its management's capability as a full platform service provider and long-term asset manager, thereby setting new foothold in the aircraft management business with an additional channel of income.

Together with the orders of 40 narrow-body aircrafts directly ordered from aircraft manufacturers with delivery scheduled between 2023 and 2025, Goshawk's owned, managed and committed fleet reached 223 aircraft as at 30 June 2019.

Goshawk's innovative and tailored aircraft leasing solutions spans across 60 airline customers in 33 countries. With one of the youngest fleets in the industry, Goshawk's 154 aircraft on book commands an average age of 3.9 years and has one of the longest average remaining lease term with 6.8 years, demonstrating its strength in growing its business while maintaining discipline.

As at 30 June 2019, the combined market value of Goshawk's owned, managed and committed fleet amounted to approximately US$11.3 billion, propelling it to become a top 10 aircraft lessor globally in terms of fleet value.

Enthused by the strong and steady growth in residential, commercial property market and the Government and institutional related projects, the contribution from the construction business increased notably by 14% in FY2019.

As at 30 June 2019, the gross value of contracts on hand for the construction business was approximately HK$55.6 billion and the remaining works to be completed amounted to approximately HK$41.6 billion.

The construction management services of Kai Tak Sports Park will be provided by Hip Hing Engineering Company Limited, which will add further stability in the revenue stream as well as cash flow for NWSH's construction business.

Outlook

The erratic global economy poses considerable risks and challenges. In view of potential uncertainties, being prudent and vigilant, seeking changes amid stability, and turning crisis into opportunity have become the primary strategies to balance risks.

The GDP of Hong Kong slightly increased by 0.5% in the second quarter of 2019, however the downward pressure on the Hong Kong economy is expected to aggravate in the third quarter of 2019. The US-China trade dispute, the uncertainty of Brexit, geopolitical tensions, weak economic, trade activities and recent social events inflamed negative sentiment on the economy.

At present, China's economic development faces new risks and challenges with increasing downward pressure on the domestic economy. It is expected that the Central Government will adhere to the underlying principle of seeking progress while maintaining stability by working on growth stabilisation, reform promotion, structural adjustment, livelihood improvement, risk prevention and stability maintenance to promote sustained and healthy economic development.

Numerous uncertainties may bring a certain degree of volatility in economic performance. However, the Group will continue to apply flexible and innovative thinking to its business operations in Greater China with a cautiously optimistic attitude.

Good execution of property sales, forward-looking operation strategies for investment properties, targeted project coverage and competitive development models provide the ideal driving forces for the Group's development, which will also increase recurring cash flow considerably for the consolidation of business foundation.

We are preparing to launch a series of key projects. A residential project with more than 3,000 units at Tai Wai MTR station and the Shenzhen Prince Bay project with a saleable area of approximately 110,000 sq m will be launched in phases, which will further increase the contribution from property sales.

The Group will continue to review its business, closely monitor market development and optimise its asset portfolio to enhance its efficiency. In FY2019, NWD and NWSH disposed of several non-core properties and non-core businesses at a total consideration of approximately HK$2,300 million and HK$1,300 million, respectively. In September 2019, NWCL entered into an agreement to dispose of the entire interest in Hunan Success New Century Investment Company Limited at the consideration of RMB2,185 million. In the meantime, NWSH had disposed of all the remaining shareholdings in Beijing Capital International Airport at the consideration of HK$778 million. The work of non-core asset and business disposal will be continued to crystallise value.

With the full operation of the integrated development project Victoria Dockside and Grade A office project K11 ATELIER KING'S ROAD, and the gradual completion and operation of the Grade A office project in King Lam Street, West Kowloon, the commercial portion of Kai Tak Sports Park and the Grade A office portion of Hong Kong SKYCITY going forward, the Group's recurring cash flow contribution is expected to increase significantly.

NWCL will play an important role as the flagship of property business in Mainland China. It will make strategic deployment in the Greater Bay Area and key core cities to build landmark projects gradually according to the content of different cities through the development models of urban complex and old city redevelopment, thereby enhancing the living experience of the people.

NWSH provides reliable cash flow through a robust business portfolio. Leveraging the team's innovative thinking, its own resources and financing capability, NWSH will acquire assets with potential and dispose of non-core assets to optimise its sustainable business framework.

The Group has a sound financial position. It actively manages cash flow and diversifies its financing channels. As at 16 September 2019, the Group had refinanced approximately 80% of the borrowings due in FY2020, together with cash and bank balances of some HK$63.7 billion as at 30 June 2019 and subsequent bonds issued, the borrowings due in FY2020 are fully taken care of. In the foreseeable future, equity raising is not necessary for the company.

The Group will actively leverage on its advantages to maintain steady growth and respect the values adopted in the development of the current era to provide premium products and services and create value for different stakeholders.

Dr. Cheng Kar-Shun, Henry
Chairman

Hong Kong, 25 September 2019

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. CHENG Chi-Heng, Ms. CHENG Chi-Man, Sonia, Mr. AU Tak-Cheong, Mr. SITT Nam-Hoi and Mr. SO Chung-Keung, Alfred; (b) the Non-executive Directors of the Company are Mr. DOO Wai-Hoi, William, Mr. CHENG Kar-Shing, Peter and Ms. KI Man-Fung, Leonie; 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, Mr. LIANG Cheung-Biu, Thomas and Mr. IP Yuk-Keung.