



New World China Land Limited

(Stock Code: 00917)



Discovering the  
Aesthetic  
of Urban Life

2009/2010  
INTERIM REPORT

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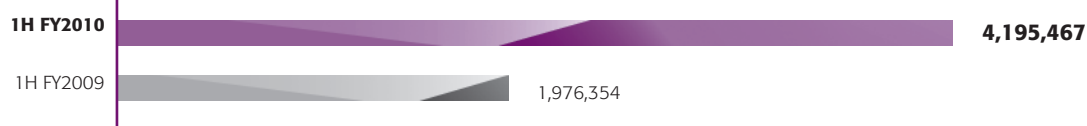


# FINANCIAL HIGHLIGHTS

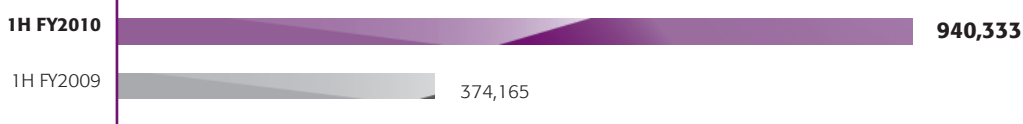
	<b>6 months ended 31st December</b>	
<b>Operating Result (HK\$'000)</b>	<b>2009</b>	2008
<b>Revenues</b>		
Company and subsidiaries	<b>2,948,926</b>	908,495
Share of associated companies and jointly controlled entities ( <i>note 1</i> )	<b>1,246,541</b>	1,067,859
	<b>4,195,467</b>	1,976,354
<b>Representing:</b>		
Sale of properties	<b>3,452,228</b>	1,254,825
Rental income	<b>441,070</b>	462,943
Income from hotel operation	<b>220,331</b>	191,664
Property management services fee income	<b>72,034</b>	52,847
Project management fee income	<b>9,804</b>	14,075
	<b>4,195,467</b>	1,976,354
<b>Gross profit</b>		
Company and subsidiaries	<b>582,223</b>	342,927
Share of associated companies and jointly controlled entities ( <i>note 2</i> )	<b>421,177</b>	539,600
	<b>1,003,400</b>	882,527
<b>Profit attributable to equity holders of the Company</b>	<b>940,333</b>	374,165
<b>Earnings per share (HK cents)</b>		
Basic	<b>20.27</b>	8.72
Diluted	<b>19.25</b>	8.38
<b>Interim dividend per share (HK cents)</b>	–	–
	<b>As at</b>	As at
	<b>31st December</b>	30th June
	<b>2009</b>	2009
<b>Financial Position (HK\$'million)</b>		
Cash and bank balances	<b>10,134.5</b>	3,900.9
Total assets	<b>65,883.3</b>	54,391.6
Total liabilities	<b>28,201.7</b>	22,354.8
Capital and reserves attributable to the Company's equity holders	<b>35,989.2</b>	30,523.1
<b>Financial ratios</b>		
Current ratio (times)	<b>2.45</b>	2.06
Net debt to equity ratio	<b>26.0%</b>	41.2%

Note 1: It represents attributable share of revenues of associated companies and jointly controlled entities to the Group.

Note 2: It represents attributable share of gross profit of associated companies and jointly controlled entities to the Group.

**REVENUES** (note 1)  
(HK\$'000)**GROSS PROFIT** (note 2)  
(HK\$'000)**PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY**

(HK\$'000)

**TOTAL ASSETS**

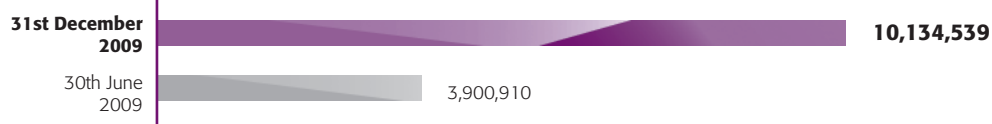
(HK\$'000)

**CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS**

(HK\$'000)

**CASH AND BANK BALANCES**

(HK\$'000)



Note 1: It represents revenues of the Company and subsidiaries plus share of revenues of associated companies and jointly controlled entities attributable to the Group as tabulated on page 2.

Note 2: It represents gross profit of the Company and subsidiaries plus share of gross profit of associated companies and jointly controlled entities attributable to the Group as tabulated on page 2.



# CHAIRMAN'S STATEMENT

To Our Shareholders,

In 2010 annual report on the Work of the Government delivered at the Third Session of the 11th National People's Congress, Premier Wen acknowledged that China still faces a complex situation in the wake of the most difficult year for economic development since the new millennium. In order to maintain steady and rapid economic development, the Government will continue to implement a proactive fiscal policy and guide all sectors, including the property market, to focus on transforming economic growth pattern and restructuring economy.

According to the National Bureau of Statistics of China, in 2009, China's GDP reached RMB33.5 trillion, grew 8.7% over previous year. Disposable income per capita of urban residents and rural residents was RMB17,175 and RMB5,153, up 9.8% and 8.5% respectively. The sales volume and total investment in commercial residential properties recorded an increase of 43.9% and 14.2% respectively. All these figures depicted a fast pace of growth against the gloomy situation in the first quarter of 2009.

There are varying views in the market on whether the Government retracts those previously imposed stimulus policies, including monetary easing and support measures for various sectors. However, there are also worries that too early a cooling down may trigger an unstoppable recession. In fact, to ensure a healthy development of the property market is one of the highlights in the Government recent speeches. In order to keep the surging housing prices at a reasonable level and suppress speculative demand, fine tuning on existing policies such as bank credit control and property sales tax adjustment are inevitably anticipated. However, too drastic a policy shift is also not a wise move as well.

2010 will be a year of hope and uncertainties. Overall, the Group is cautiously optimistic about Mainland China property market. We will continue our plan according to the good side of the market. At the same time, the Group also holds a prudent approach in managing its business in Mainland China to avoid those risks which tripped quite a number of developers in 2007 and 2008.

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

*Chairman and Managing Director*

*Hong Kong, 17th March 2010*



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the period under review, the China property market continued to recover since the second quarter of 2009, benefited from the policy-led surge in liquidity to maintain China economic growth. Riding on the property market rebound, the Group's contracted sales secured during the period under review was boosted to 813,434 sq.m. gross floor area ("GFA") with gross sales proceeds of RMB5.5 billion, representing a year-on-year increase in volume of 493% or over four times surge in sales proceeds compared to those of the same period last year when the property market was severely dampened by the 2008 global economic downturn. Of the contracted sales secured during the period, approximately RMB3.9 billion sales are for those projects scheduled to be completed within the next 12 months and their corresponding sales revenues shall be recorded in the consolidated income statements in the coming periods.

During the first half of FY2010, the Group recorded a profit of HK\$940.3 million, an increase of 151% compared to a profit of HK\$374.2 million achieved during the first half of FY2009. The Group's underlying core profits from core business operation however had dropped over 5% to HK\$546.1 million against an attributable profit of HK\$579.1 million recorded in first half of FY2009 notably due to enlarged operating loss from hotel operation as a result from high depreciation charge and pre-matured results of New World Hotel Dalian. The Group's strategic move to invest in mid-western China has seen positive contribution to the Group's overall sale performance from property sale operation. During the period under review, the Group recorded a marked increase in property sales by over 257% to 524,730 sq.m. as compared to the same period last year, of which over 45% of them came from these second-tier cities where the property prices are reasonably affordable to the mass population of those cities.

It has been the Group's existing strategic plan to buy out the remaining interests in projects being held by minority shareholders for the sake of better project planning, increasing project management efficiency and control. In line with this strategic direction, during the period under review, the Group has completed the acquisition of additional interests in three property development projects, namely Shanghai Zhongshan Square, Guangzhou Park Paradise and Tianjin Nanshi Lot#202 which were held by Shanghai Trio Property Development Co., Ltd., Guangzhou Jixian Zhuang New World City Garden Development Limited and Tianjin New World Properties Development Co., Ltd. respectively. As required by the accounting standard of acquisitions, these acquisitions were re-measured at their fair values upon the Group's acquisition, giving rise to an aggregate net gain on previously held interests of HK\$513.2 million and negative goodwill on acquisition of HK\$483.6 million. These favourable gains in effect untapped the Group's intrinsic value and reflected true value of its high potential land reserve.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Analysis of Attributable Operating Profit ("AOP")

	<b>6 months ended 31st December</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Property sales	<b>393,200</b>	372,805
Rental operation	<b>231,841</b>	243,359
Hotel operation	<b>(56,755)</b>	(31,747)
Property management services	<b>(7,319)</b>	1,556
Other operations	<b>(14,841)</b>	(6,844)
AOP before finance costs and taxation charge	<b>546,126</b>	579,129
Gain on previously held equity interests as jointly controlled entities	<b>513,248</b>	–
Excess of fair value of net assets acquired over cost of acquisition of interest in subsidiaries	<b>483,610</b>	50,940
Changes in fair value of investment properties, net of deferred taxation	<b>61,466</b>	(55,228)
Gain on repurchase of convertible bonds	–	67,038
Increase in fair value of financial assets at fair value through profit or loss	–	33,591
Gain on disposal of a subsidiary	–	29,141
Tax indemnity from the ultimate holding company	<b>1,753</b>	16,658
Loss on disposal of non-current assets held for sale	<b>(15,364)</b>	–
Impairment of goodwill	<b>(51,860)</b>	–
Finance costs – project loans	<b>(126,620)</b>	(117,380)
Corporate income tax and land appreciation tax	<b>(320,230)</b>	(64,311)
AOP	<b>1,092,129</b>	539,578
Bank and other interest income – corporate	<b>2,092</b>	9,244
Net foreign exchange losses	<b>(1,521)</b>	(12,561)
Corporate administrative expenses	<b>(90,424)</b>	(85,780)
Finance costs – corporate loans	<b>(48,405)</b>	(72,037)
Deferred tax on undistributed profits	<b>(13,538)</b>	(4,279)
Profit attributable to equity holders of the Company	<b>940,333</b>	374,165

### Property sales

During the period under review, the Group has completed six property development projects in Wuhan, Changsha, Chengdu, Guangzhou and Guiyang with a total GFA of 310,887 sq.m., representing a 65% increase year-on-year. The attributable operating profit ("AOP") of property sales achieved HK\$393.2 million or a slight increase of 5% against the first half of FY2009. With the significant market rebound in the China property market since April 2009 as a result of the positive effects from series of economic stimulus measures implemented by the PRC government, the Group recorded a 2.5 times surge in gross floor area sold in the first half of FY2010 to 524,730 sq.m., generating gross sale proceeds of over RMB3,530 million. However, the AOP from property sales did not increase in the same magnitude as majority of projects completed and sold during the period under review were lower-priced residential units located in second-tier city such as Changsha and Guiyang compared to recorded sales of higher-end properties completed from Guangzhou region during the corresponding period last year. The overall gross profit margin achieved during the period under review dropped over 15% against the first half of FY2009. With the expected completion of higher-end properties in the second half of FY2010 which have been pre-sold, the full year gross profit margin is expected to be improved.

<b>Development property projects completed in 1H FY2010</b>	<b>Usage</b>	<b>Total GFA (sq.m.)</b>	<b>NWCL's interest</b>
Wuhan Menghu Garden Phase III (武漢夢湖香郡三期)	R	9,171	70%
Changsha La Ville New World Phase I (長沙新城新世界一期)	R	68,555	48%
Chengdu New World Riverside Phase IA (成都河畔新世界一期A)	R	91,729	30%
Guangzhou Park Paradise Phase II E1 (廣州嶺南新世界二期E1)	R	77,816	100%
Guangzhou Xintang New World Garden Phase IV (廣州新塘新世界花園四期)	R	12,678	63%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, P	50,938	50%
<b>Total</b>		<b>310,887</b>	

R: Residential  
C: Commercial  
P: Carpark



# MANAGEMENT DISCUSSION AND ANALYSIS

In the second half of FY2010, the Group plans to complete 9 projects with a total GFA of 448,188 sq.m..

<b>Properties to be completed in 2H FY2010</b>	<b>Usage</b>	<b>Total GFA (sq.m.)</b>	<b>NWCL's interest</b>
Beijing Liang Guang Road Block VI (北京兩廣路住宅樓#6)	R, C, P	47,493	70%
Wuhan New World Centre (武漢新世界中心)	C, P	20,691	100%
Wuhan Menghu Garden Phase III (武漢夢湖香郡三期)	R	30,084	70%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C	44,157	60%
Changsha La Ville New World Phase I (長沙新城新世界一期)	P	8,983	48%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R	67,047	50%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	R, C, P	116,420	100%
Guangzhou Xintang New World Garden Phase V (廣州新塘新世界花園五期)	R, C	48,039	63%
Huizhou Changhuyuan Phase II B (惠州長湖苑二期B)	R, C, P	65,274	63%
<b>Total</b>		<b>448,188</b>	

## Rental operation

In the first half of FY2010, the Group's rental operation recorded an AOP of HK\$231.8 million, a slight decrease of 5% compared to the first half of FY2009. The decrease in AOP from rental operation was mainly attributable to a reduction of turnover rent rate upon renewal of tenancy at Beijing New World Centre and reduced in rentable area of service apartment and office space at Beijing New World Centre upon sales. The continuing improvement in occupancy rates of various office premises during the period, particularly prominent for Wuhan New World Centre and Wuhan New World International Trade Tower had mitigated the effects of decrease in operating revenue from shopping arcade.

During the period under review, the Group's investment property portfolio has increased by 60,635 sq.m., mainly from the completion of retail space and car parks in Changsha, Guangzhou and Xintang.

<b>Investment properties completed in 1H FY2010</b>	<b>Usage</b>	<b>Total GFA (sq.m.)</b>	<b>NWCL's interest</b>
Changsha La Ville New World Phase I (長沙新城新世界一期)	P	24,844	48%
Guangzhou Park Paradise Phase II E1 (廣州嶺南新世界二期E1)	C, P	16,377	100%
Guangzhou Xintang New World Garden Phase IV (廣州新塘新世界花園四期)	P	19,414	63%
<b>Total</b>		<b>60,635</b>	

### Hotel operation

During the period under review, the AOP from hotel operation recorded at a loss of HK\$56.7 million as opposed to a loss of HK\$31.7 million in the corresponding period last year. The improved operating results of the Group's other hotels mitigated the effect of full period charge of depreciation and pre-matured results of New World Hotel Dalian.

The Group's hotel portfolio currently comprises seven hotels with 2,548 rooms.

<b>Hotel portfolio</b>	<b>Number of rooms</b>
Courtyard by Marriot Beijing (北京萬怡酒店)	299
New World Mayfair Hotel Shanghai (上海巴黎春天大酒店)	605
pentahotel Shanghai (上海貝爾特酒店)	259
New World Hotel Shenyang (瀋陽新世界酒店)	259
New World Hotel Dalian (大連新世界酒店)	429
New World Hotel Wuhan (武漢新世界酒店)	327
New World Hotel Shunde (順德新世界酒店)	370
<b>Total</b>	<b>2,548</b>

## LIQUIDITY AND CAPITAL RESOURCES

As at 31st December 2009, the Group's cash and bank deposits amounted to HK\$10,135 million (30th June 2009: HK\$3,901 million). The increase in cash and bank deposits was mainly due to strengthening of the Company's capital base. During the period, the Company issued 1,918,584,241 shares of HK\$0.10 each at HK\$2.55 per rights share by way of rights issue on the basis of one rights share for every existing two shares. The net proceeds will be used to refinance existing borrowings and debts, including the possible redemption or repurchase of outstanding convertible bonds.

The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK\$9,781 million (30th June 2009: HK\$13,187 million), translating into a gearing ratio of 26% (30th June 2009: 41%). The gearing ratio is calculated on the basis of net debts over total equity.

The Group's borrowings from banks and fellow subsidiaries and liabilities of convertible bonds as at 31st December 2009 totalled HK\$18,411 million (30th June 2009: HK\$16,017 million) of which 23% were secured by way of charges over assets and 77% were unsecured.

# MANAGEMENT DISCUSSION AND ANALYSIS

The maturity profile of the Group's borrowings from banks and fellow subsidiaries and liabilities of convertible bonds is set out as follows:

	<b>As at 31st December 2009 HK\$'million</b>	As at 30th June 2009 HK\$'million
Repayable:		
Within one year	<b>6,530</b>	5,971
Between one and two years	<b>3,676</b>	2,544
Between two and five years	<b>6,854</b>	7,502
Over five years	<b>1,351</b>	—
<b>Total</b>	<b>18,411</b>	16,017

As at 31st December 2009, the Group's committed unutilised bank loan facilities amounted to HK\$4,605 million (30th June 2009: HK\$2,127 million).

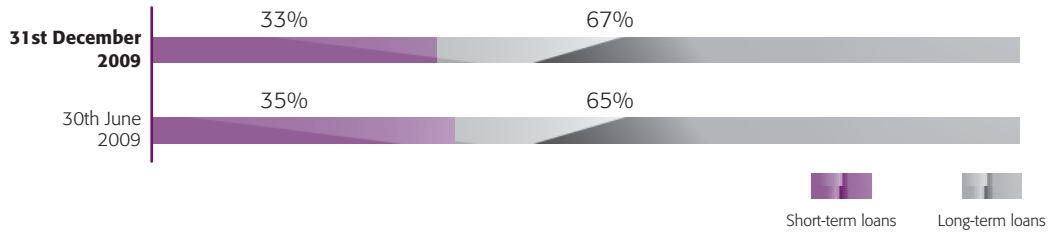
## Capital expenditure commitments

The capital expenditure commitments of the Group as at 31st December 2009 were HK\$639,073,000 (30th June 2009: HK\$724,864,000) of which HK\$531,073,000 (30th June 2009: HK\$616,864,000) were contracted but not provided for in the financial statements and HK\$108,000,000 (30th June 2009: HK\$108,000,000) were authorised but not contracted for. The Group did not have any share of capital commitments of jointly controlled entities (30th June 2009: Nil). The source of funding for capital commitments are internally generated resources and bank loan facilities.

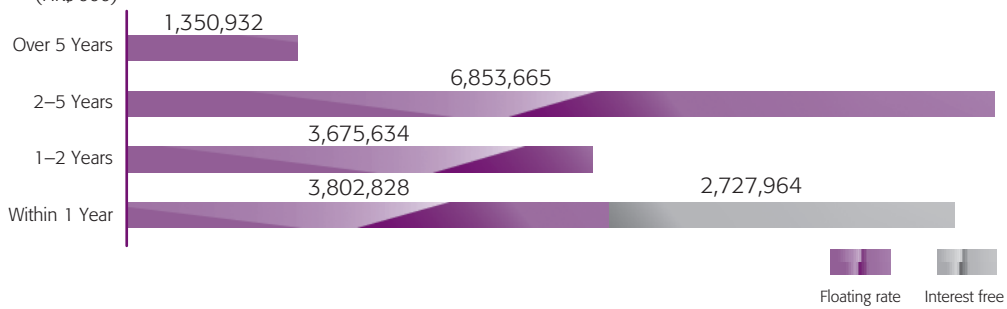
## Foreign currency exposure

The Group conducts its business mainly in Renminbi. Other than certain bank balances and borrowings denominated in Hong Kong dollar and United States dollar, the Group does not have any material direct exposure to foreign exchange fluctuations. During the period under review, the Group has not used any foreign currency derivative product to hedge its exposure to currency risk.

SOURCE OF BORROWINGS



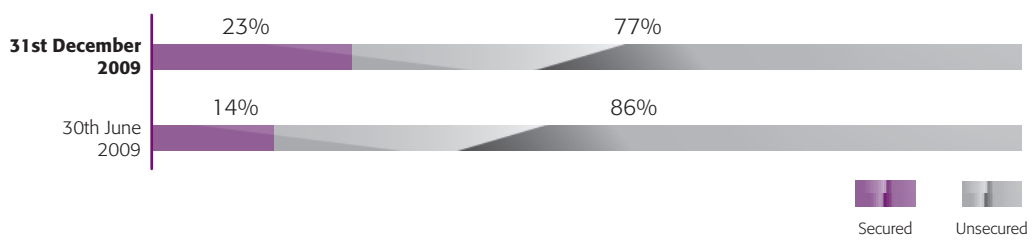
INTEREST RATE AND MATURITY PROFILE  
(HK\$'000)



CURRENCY PROFILE OF BORROWINGS



NATURE OF DEBT



# MANAGEMENT DISCUSSION AND ANALYSIS

## CONTINGENT LIABILITIES

As at 31st December 2009, the Group has contingent liabilities of approximately HK\$2,671,229,000 (30th June 2009: HK\$3,207,018,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities.

As at 31st December 2009, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group amounting to HK\$1,101,669,000 (30th June 2009: HK\$753,543,000).

## DETAILS OF CHARGES ON GROUP'S ASSETS

As at 31st December 2009, the Group's property, plant and equipment, investment properties, land use rights, properties held for development, properties under development, completed properties held for sales and bank deposits of HK\$410,522,000 (30th June 2009: HK\$479,887,000), HK\$4,656,206,000 (30th June 2009: HK\$2,531,381,000), HK\$237,464,000 (30th June 2009: HK\$240,529,000), HK\$459,924,000 (30th June 2009: HK\$511,013,000), HK\$3,896,681,000 (30th June 2009: HK\$1,810,659,000), HK\$294,567,000 (30th June 2009: Nil) and HK\$29,343,000 (30th June 2009: HK\$258,494,000) respectively have been pledged as securities for short term and long term bank borrowings.

## EMPLOYEES AND REMUNERATION POLICY

As at 31st December 2009, the Group has 4,795 full-time employees. Total staff related costs incurred during the period under review were HK\$131 million (2008: HK\$146 million), of which retirement benefits were included. Remuneration of employees is reviewed annually based on assessment of individual performance. Discretionary year-end bonus was paid to employees based on individual performance.

## MAJOR ACQUISITION OR DISPOSAL

During the period, the Group acquired 40% interest in Guangzhou Jixian Zhuang New World City Garden Development Limited ("Jixian Zhuang") for a consideration of RMB1 and 52.5% equity interest in Shanghai Trio Property Development Co., Ltd. ("Trio") for a consideration of approximately HK\$521 million. Jixian Zhuang is principally engaged in the development of Guangzhou Park Paradise, a residential development in Rongtai Cun, Baiyun District, Guangzhou, Guangdong Province, the PRC. The principal activity of Trio is the development of Shanghai Zhongshan Square located in Hongqiao Development Zone, Shanghai, the PRC. After the acquisitions, Jixian Zhuang and Trio became wholly-owned subsidiaries of the Group.

In December 2009, the Group disposed of its entire interest in Shanghai Juyi Real Estate Development Co., Ltd. ("Juyi") to Guilherme Holdings (Hong Kong) Limited for a consideration of approximately HK\$1,174 million. Juyi is principally engaged in the development of Shanghai Hong Kong New World Garden located in Luwan District, Shanghai, the PRC. The disposal gave rise to a net disposal loss of HK\$15 million to the Group.

## OUTLOOK

2010 is different from 2009. Throughout 2009, market conditions had been very favourable until the usual tightening of bank borrowings towards the end of the year. 2010 still has many favourable factors. However, certain risks should not be neglected.

Government policy will be a key to market development. The China Central Government is likely to continue implementing policies to encourage domestic consumption to fuel economic growth. It is widely expected that the Central Government will not make a major shift from its current policies to extinguish the steaming growth engines including property market. Nevertheless, there would be minor adjustments to pace the market and economic rhythm. It would not be surprised to see announcements of individual policies on curbing market irregularities and misbehaviour.

Mainland China property market will develop healthily in 2010. However, transaction volume is very probably to be down due to supply shortage in certain cities and market pricing not as attractive as during the first quarter of 2009.

Overall, the Group is cautiously optimistic about Mainland China property market and is monitoring the market closely. The Group will continue a prudent approach in managing its business in Mainland China. We will enhance our cash flow managing capabilities through accelerating the realisation of the Group's development assets. Furthermore, we will continue our selective expansion of our solid income base from rentals.

On behalf of the Board

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

*Chairman and Managing Director*

*Hong Kong, 17th March 2010*





# CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31st December 2009

		Unaudited	
		6 months ended 31st December	
	Note	2009	2008
		HK\$'000	HK\$'000
Revenues	2	<b>2,948,926</b>	908,495
Cost of sales		<b>(2,366,703)</b>	(565,568)
Gross profit		<b>582,223</b>	342,927
Other income	3	<b>89,787</b>	313,245
Other gains, net	4	<b>923,407</b>	163,874
Changes in fair value of investment properties		<b>16,573</b>	(154,477)
Selling expenses		<b>(103,662)</b>	(71,780)
Administrative expenses		<b>(38,796)</b>	(38,738)
Other operating expenses		<b>(351,111)</b>	(259,589)
Operating profit before finance costs	5	<b>1,118,421</b>	295,462
Finance costs		<b>(123,551)</b>	(159,484)
Share of results of			
Associated companies		<b>4,211</b>	89,065
Jointly controlled entities		<b>191,486</b>	125,495
Profit before taxation		<b>1,190,567</b>	350,538
Taxation charge	6	<b>(192,600)</b>	(1,795)
Profit for the period		<b>997,967</b>	348,743
Attributable to:			
Equity holders of the Company		<b>940,333</b>	374,165
Non-controlling interests		<b>57,634</b>	(25,422)
		<b>997,967</b>	348,743
Interim dividend	7	—	—
Interim dividend per share	7	—	—
Earnings per share	8		
Basic		<b>20.27 cents</b>	8.72 cents
Diluted		<b>19.25 cents</b>	8.38 cents



# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31st December 2009

	<b>Unaudited</b>	
	<b>6 months ended 31st December</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Profit for the period	<b>997,967</b>	348,743
Other comprehensive income		
Changes in fair value of available-for-sale financial assets	<b>21,791</b>	(36,339)
Deferred tax on changes in fair value of available-for-sale financial assets	<b>–</b>	6,598
Translation differences	<b>(17,813)</b>	(18,677)
Reclassification adjustment of translation differences upon disposal of a subsidiary	<b>–</b>	(12,897)
Other comprehensive income for the period	<b>3,978</b>	(61,315)
Total comprehensive income for the period	<b>1,001,945</b>	287,428
Total comprehensive income attributable to:		
Equity holders of the Company	<b>947,201</b>	319,504
Non-controlling interests	<b>54,744</b>	(32,076)
	<b>1,001,945</b>	287,428



# CONDENSED CONSOLIDATED BALANCE SHEET

As at 31st December 2009

	Note	<b>Unaudited As at 31st December 2009 HK\$'000</b>	Audited As at 30th June 2009 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>1,697,162</b>	1,784,002
Investment properties	9	<b>11,469,113</b>	9,131,467
Land use rights	9	<b>575,525</b>	583,892
Goodwill		<b>30,905</b>	82,766
Properties held for development		<b>8,221,795</b>	7,344,944
Associated companies		<b>387,507</b>	383,246
Jointly controlled entities		<b>10,613,104</b>	13,284,317
Available-for-sale financial assets		<b>239,701</b>	217,910
Cash and bank balances, restricted		<b>26,136</b>	26,136
		<b>33,260,948</b>	32,838,680
<b>Current assets</b>			
Properties under development		<b>9,422,070</b>	7,341,319
Completed properties held for sale		<b>2,195,684</b>	2,293,663
Hotel inventories, at cost		<b>3,249</b>	3,494
Debtors, deposits and other receivables	10	<b>10,482,290</b>	7,020,922
Amounts due from group companies		<b>410,689</b>	33,638
Cash and bank balances, restricted		<b>3,207</b>	232,358
Cash and bank balances, unrestricted		<b>10,105,196</b>	3,642,416
		<b>32,622,385</b>	20,567,810
Non-current assets held for sale	11	–	985,159
		<b>32,622,385</b>	21,552,969
<b>Total assets</b>		<b>65,883,333</b>	54,391,649
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	12	<b>575,628</b>	383,647
Reserves		<b>35,413,561</b>	29,909,271
Proposed final dividend		–	230,230
		<b>35,989,189</b>	30,523,148
<b>Non-controlling interests</b>		<b>1,692,420</b>	1,513,734
<b>Total equity</b>		<b>37,681,609</b>	32,036,882

	Note	<b>Unaudited As at 31st December 2009 HK\$'000</b>	Audited As at 30th June 2009 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term borrowings	13	<b>13,385,085</b>	11,117,308
Deferred tax liabilities		<b>1,496,426</b>	799,773
		<b>14,881,511</b>	11,917,081
<b>Current liabilities</b>			
Creditors and accruals	14	<b>1,952,279</b>	2,083,901
Deposits received on sale of properties		<b>3,624,197</b>	1,363,484
Amounts due to group companies		<b>307,970</b>	425,211
Short term bank loans		<b>486,364</b>	562,500
Current portion of long term borrowings	13	<b>6,044,428</b>	5,408,206
Amounts due to non-controlling shareholders	15	<b>99,626</b>	99,626
Taxes payable		<b>805,349</b>	494,758
		<b>13,320,213</b>	10,437,686
<b>Total liabilities</b>		<b>28,201,724</b>	22,354,767
<b>Total equity and liabilities</b>		<b>65,883,333</b>	54,391,649
<b>Net current assets</b>		<b>19,302,172</b>	11,115,283
<b>Total assets less current liabilities</b>		<b>52,563,120</b>	43,953,963



# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31st December 2009

	<b>Unaudited</b>	
	<b>6 months ended 31st December</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Net cash used in operating activities	<b>(1,592,595)</b>	(3,404,016)
Net cash generated from investing activities	<b>1,800,082</b>	257,964
Net cash generated from financing activities	<b>6,280,231</b>	1,490,999
Net increase/(decrease) in cash and cash equivalents	<b>6,487,718</b>	(1,655,053)
Cash and cash equivalents at beginning of the period	<b>3,642,416</b>	4,368,149
Exchange differences on cash and cash equivalents	<b>(24,938)</b>	(25,573)
Cash and cash equivalents at end of the period	<b>10,105,196</b>	2,687,523



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st December 2009

	Attributable to equity holders of the Company			Non-controlling interests	Total equity
	Share capital HK\$'000	Reserves HK\$'000	Shareholders' funds HK\$'000	HK\$'000	HK\$'000
Balance at 1st July 2008	383,450	29,321,359	29,704,809	1,331,697	31,036,506
Translation differences	–	(12,023)	(12,023)	(6,654)	(18,677)
Disposal of a subsidiary	–	(12,897)	(12,897)	–	(12,897)
Revaluation of available-for-sale financial assets, net of tax	–	(29,741)	(29,741)	–	(29,741)
Other comprehensive income for the period	–	(54,661)	(54,661)	(6,654)	(61,315)
Profit for the period	–	374,165	374,165	(25,422)	348,743
Total comprehensive income for the period	–	319,504	319,504	(32,076)	287,428
Issue of shares	11	162	173	–	173
Acquisition of a subsidiary	–	14,321	14,321	–	14,321
Disposal of a subsidiary	–	–	–	(15,900)	(15,900)
Capital contribution from non-controlling interests	–	–	–	50,269	50,269
Repurchase of convertible bonds	–	(5,477)	(5,477)	–	(5,477)
Share-based payments	–	15,564	15,564	–	15,564
Dividends paid	–	(76,692)	(76,692)	–	(76,692)
	11	(52,122)	(52,111)	34,369	(17,742)
Balance at 31st December 2008	383,461	29,588,741	29,972,202	1,333,990	31,306,192
Balance at 1st July 2009	<b>383,647</b>	<b>30,139,501</b>	<b>30,523,148</b>	<b>1,513,734</b>	<b>32,036,882</b>
Translation differences	–	(14,923)	(14,923)	(2,890)	(17,813)
Revaluation of available-for-sale financial assets	–	21,791	21,791	–	21,791
Other comprehensive income for the period	–	6,868	6,868	(2,890)	3,978
Profit for the period	–	940,333	940,333	57,634	997,967
Total comprehensive income for the period	–	947,201	947,201	54,744	1,001,945
Issue of shares	191,981	4,663,872	4,855,853	–	4,855,853
Capital contribution from non-controlling interests	–	–	–	123,942	123,942
Share-based payments	–	8,337	8,337	–	8,337
Dividends paid	–	(345,350)	(345,350)	–	(345,350)
	191,981	4,326,859	4,518,840	123,942	4,642,782
Balance at 31st December 2009	<b>575,628</b>	<b>35,413,561</b>	<b>35,989,189</b>	<b>1,692,420</b>	<b>37,681,609</b>





# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements (the “interim financial statements”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The interim financial statements should be read in conjunction with the 2009 annual financial statements.

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those set out in the annual report for the year ended 30th June 2009 except for the adoption of the new or revised standards, which are further explained below.

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

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

In addition, the Group has early adopted HKAS 32 Amendment “Financial Instruments: Presentation – Classification of Rights Issues” which is effective for annual periods beginning on or after 1st February 2010.

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

HKAS 1 (Revised) – Presentation of Financial Statements: The standard requires all non-owner changes in equity (i.e. comprehensive income) to be presented in a single statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). The Group has chosen to adopt the two statements approach and a new condensed consolidated statement of comprehensive income is included after the condensed consolidated income statement in the interim financial statements for the six months ended 31st December 2009.

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

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

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

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION *(Continued)*

The effects following the adoption of the relevant new or revised accounting standards on the condensed consolidated income statement for the six months ended 31st December 2009 are as follows:

	<b>HKAS 40 Amendments HK\$'000</b>	<b>HKAS 32 Amendment HK\$'000</b>	<b>Total HK\$'000</b>
Increase/(decrease) in profit for the period			
Changes in fair value of derivative liabilities	–	(287,788)	(287,788)
Changes in fair value of investment properties	(74,582)	–	(74,582)
Share of results of jointly controlled entities	41,161	–	41,161
Profit before taxation	(33,421)	(287,788)	(321,209)
Taxation charge			
Deferred taxation	18,645	–	18,645
Profit for the period	(14,776)	(287,788)	(302,564)
Attributable to:			
Equity holders of the Company	(26,978)	(287,788)	(314,766)
Non-controlling interests	12,202	–	12,202
	(14,776)	(287,788)	(302,564)
Decrease in			
Earnings per share (HK cents)			
Basic	(0.58)	(6.21)	(6.79)
Diluted	(0.54)	(5.77)	(6.31)

The effects of the changes following the adoption of the relevant new or revised accounting standards on the condensed consolidated balance sheet as at 31st December 2009 are as follows:

	<b>HKAS 40 Amendments HK\$'000</b>	<b>HKAS 32 Amendment HK\$'000</b>	<b>Total HK\$'000</b>
Increase/(decrease) in			
Investment properties	1,211,780	–	1,211,780
Properties under development	(1,286,362)	–	(1,286,362)
Jointly controlled entities	41,161	–	41,161
Total assets	(33,421)	–	(33,421)
Reserves	(26,978)	–	(26,978)
Non-controlling interests	12,202	–	12,202
Total equity	(14,776)	–	(14,776)
Deferred tax liabilities	(18,645)	–	(18,645)
Total equity and liabilities	(33,421)	–	(33,421)

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

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

*Effective for the year ending 30th June 2011*

HKFRSs Amendments	Improvements to HKFRSs 2009
HKFRS 1 Amendment	Additional Exemptions for First-time Adopters
HKFRS 2 Amendment	Group Cash-settled Share-based Payment Transactions
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

*Effective for the year ending 30th June 2012 or after*

HKFRS 9	Financial Instruments
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 14 Amendment	Prepayments of a Minimum Funding Requirement

The Group has already commenced an assessment of the impact of these new or revised standards, amendments 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 re-measurement of certain items in the financial statements. The Group is not yet in a position to ascertain their impact on its results of operations and financial position.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 2. REVENUES AND SEGMENT INFORMATION

- (a) The Group is principally engaged in investment in and development of property projects in the People's Republic of China ("PRC"). Revenues comprise turnover which include gross proceeds from sale of properties, revenue from rental and hotel operation, property management services fee income and project management fee income.

	<b>6 months ended 31st December</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Sale of properties	<b>2,508,670</b>	546,743
Rental income	<b>208,855</b>	190,398
Income from hotel operation	<b>170,867</b>	124,267
Property management services fee income	<b>50,730</b>	33,012
Project management fee income	<b>9,804</b>	14,075
	<b>2,948,926</b>	908,495

- (b) The chief operating decision-maker has been identified as the executive committee. This committee reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The committee considers the business from the perspective of the services and products. The management assesses the performance of property sales, rental operation, hotel operation and property management services operations. Other operations include hotel management services and ancillary services in property projects.

The executive committee assesses the performance of the operating segments based on a measure of attributable operating profit before finance costs and taxation charge. This measurement basis excludes the effects of changes in fair value of investment properties, gains and losses from changes in group structure, impairment and expenses and income at corporate office. Interest income is included in the result of each operating segment that is reviewed by the executive committee.

Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, properties held for/under development, goodwill, debtors, deposits and other receivables, amounts due from group companies, completed properties held for sale and non-current assets held for sale. They exclude cash and bank balances, available-for-sale financial assets and prepayment for proposed development projects held at corporate office. These are part of the reconciliation to total assets on the balance sheet.

Segment liabilities comprise mainly creditors and accruals, deposits received on sale of properties and amounts due to group companies. They exclude bank and other borrowings, deferred tax liabilities, taxes payable, other creditors and accruals at corporate office. These are part of the reconciliation to total liabilities on the balance sheet.

The majority of the assets and operations of the Group are located in the PRC. All revenues are derived from the PRC. Non-current assets other than financial instrument are located in the PRC.

<b>6 months ended 31st December 2009</b>	<b>Property sales HK\$'000</b>	<b>Rental operation HK\$'000</b>	<b>Hotel operation HK\$'000</b>	<b>Property management services HK\$'000</b>	<b>Other operations HK\$'000</b>	<b>Total HK\$'000</b>
Segment revenues						
Company and subsidiaries	<b>2,508,670</b>	<b>208,855</b>	<b>170,867</b>	<b>50,730</b>	<b>9,804</b>	<b>2,948,926</b>
Associated companies – attributable to the Group	<b>3,641</b>	<b>9,422</b>	<b>10,637</b>	<b>–</b>	<b>–</b>	<b>23,700</b>
Jointly controlled entities – attributable to the Group	<b>939,917</b>	<b>222,793</b>	<b>38,827</b>	<b>21,304</b>	<b>–</b>	<b>1,222,841</b>
	<b>3,452,228</b>	<b>441,070</b>	<b>220,331</b>	<b>72,034</b>	<b>9,804</b>	<b>4,195,467</b>
Segment bank and other interest income	<b>19,562</b>	<b>6,311</b>	<b>129</b>	<b>87</b>	<b>4</b>	<b>26,093</b>
Attributable operating profit before finance costs and taxation charge						
Company and subsidiaries	<b>174,483</b>	<b>86,085</b>	<b>(29,897)</b>	<b>2,283</b>	<b>(14,232)</b>	<b>218,722</b>
Associated companies	<b>431</b>	<b>4,768</b>	<b>(3,666)</b>	<b>–</b>	<b>–</b>	<b>1,533</b>
Jointly controlled entities	<b>218,286</b>	<b>140,988</b>	<b>(23,192)</b>	<b>(9,602)</b>	<b>(609)</b>	<b>325,871</b>
	<b>393,200</b>	<b>231,841</b>	<b>(56,755)</b>	<b>(7,319)</b>	<b>(14,841)</b>	<b>546,126</b>
Additions to non-current assets other than financial instruments	<b>935,623</b>	<b>1,021,352</b>	<b>2,323</b>	<b>522</b>	<b>262</b>	<b>1,960,082</b>
Depreciation and amortisation	<b>20,168</b>	<b>16,795</b>	<b>73,824</b>	<b>436</b>	<b>1,606</b>	<b>112,829</b>
Impairment of goodwill	<b>51,860</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>51,860</b>
Share of results of						
Associated companies	<b>424</b>	<b>7,453</b>	<b>(3,666)</b>	<b>–</b>	<b>–</b>	<b>4,211</b>
Jointly controlled entities	<b>31,957</b>	<b>185,141</b>	<b>(26,704)</b>	<b>224</b>	<b>868</b>	<b>191,486</b>
<b>As at 31st December 2009</b>						
Segment assets	<b>34,939,929</b>	<b>12,477,960</b>	<b>2,040,018</b>	<b>83,752</b>	<b>36,195</b>	<b>49,577,854</b>
Associated companies and jointly controlled entities	<b>4,213,724</b>	<b>6,116,570</b>	<b>673,837</b>	<b>(5,193)</b>	<b>1,673</b>	<b>11,000,611</b>
Available-for-sale financial assets						<b>239,701</b>
Property, plant and equipment at corporate office						<b>5,067</b>
Debtors, deposits and other receivables at corporate office						<b>296,266</b>
Amounts due from group companies at corporate office						<b>367,933</b>
Cash and bank balances at corporate office						<b>4,395,901</b>
Total assets						<b>65,883,333</b>
Segment liabilities	<b>5,956,849</b>	<b>155,627</b>	<b>92,834</b>	<b>39,085</b>	<b>21,509</b>	<b>6,265,904</b>
Creditors and accruals at corporate office						<b>29,652</b>
Amounts due to group companies at corporate office						<b>10,347</b>
Taxes payable						<b>483,518</b>
Borrowings						<b>19,915,877</b>
Deferred tax liabilities						<b>1,496,426</b>
Total liabilities						<b>28,201,724</b>



# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 2. REVENUES AND SEGMENT INFORMATION (Continued)

6 months ended 31st December 2008	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment revenues						
Company and subsidiaries	546,743	190,398	124,267	33,012	14,075	908,495
Associated companies – attributable to the Group	2,599	24,574	13,936	–	–	41,109
Jointly controlled entities – attributable to the Group	705,483	247,971	53,461	19,835	–	1,026,750
	<u>1,254,825</u>	<u>462,943</u>	<u>191,664</u>	<u>52,847</u>	<u>14,075</u>	<u>1,976,354</u>
Segment bank and other interest income	45,101	13,378	1,904	105	3	60,491
Attributable operating profit before finance costs and taxation charge						
Company and subsidiaries	81,009	64,514	(8,127)	2,548	(6,844)	133,100
Associated companies	(689)	14,890	(859)	(58)	–	13,284
Jointly controlled entities	292,485	163,955	(22,761)	(934)	–	432,745
	<u>372,805</u>	<u>243,359</u>	<u>(31,747)</u>	<u>1,556</u>	<u>(6,844)</u>	<u>579,129</u>
Additions to non-current assets other than financial instrument	253,520	20,521	4,196	920	1,170	280,327
Depreciation and amortisation	20,487	22,238	36,960	404	1,098	81,187
Share of results of						
Associated companies	(658)	90,640	(859)	(58)	–	89,065
Jointly controlled entities	43,119	108,491	(25,030)	(1,237)	152	125,495
As at 30th June 2009						
Segment assets	26,683,894	10,926,245	2,087,085	72,531	14,549	39,784,304
Associated companies and jointly controlled entities	6,783,168	6,212,947	679,347	(7,706)	(193)	13,667,563
Available-for-sale financial assets						217,910
Property, plant and equipment at corporate office						5,925
Debtors, deposits and other receivables at corporate office						355,559
Amounts due from group companies at corporate office						8,942
Cash and bank balances at corporate office						<u>351,446</u>
Total assets						<u>54,391,649</u>
Segment liabilities	3,484,342	425,538	108,514	26,782	6,907	4,052,083
Creditors and accruals at corporate office						132,216
Taxes payables						282,681
Borrowings						17,088,014
Deferred tax liabilities						<u>799,773</u>
Total liabilities						<u>22,354,767</u>

## Reconciliations of revenues and profit before taxation:

	<b>6 months ended 31st December</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
(i) Revenues		
Total segment revenues	<b>4,195,467</b>	1,976,354
Less:		
Revenues of associated companies and jointly controlled entities, attributable to the Group	<b>(1,246,541)</b>	(1,067,859)
Revenues as presented in condensed consolidated income statement	<b>2,948,926</b>	908,495
(ii) Profit before taxation		
Attributable operating profit before finance costs and taxation charge	<b>546,126</b>	579,129
Gain on previously held equity interests as jointly controlled entities	<b>513,248</b>	–
Excess of fair value of net assets acquired over cost of acquisition of interest in subsidiaries	<b>483,610</b>	50,940
Changes in fair value of investment properties, net of deferred taxation	<b>61,466</b>	(55,228)
Gain on repurchase of convertible bonds	–	67,038
Increase in fair value of financial assets at fair value through profit or loss	–	33,591
Gain on disposal of a subsidiary	–	29,141
Tax indemnity from the ultimate holding company	<b>1,753</b>	16,658
Loss on disposal of non-current assets held for sale	<b>(15,364)</b>	–
Impairment of goodwill	<b>(51,860)</b>	–
Finance costs – project loans	<b>(126,620)</b>	(117,380)
Corporate income tax and land appreciation tax	<b>(320,230)</b>	(64,311)
Attributable operating profit	<b>1,092,129</b>	539,578
Bank and other interest income – corporate	<b>2,092</b>	9,244
Net foreign exchange losses	<b>(1,521)</b>	(12,561)
Corporate administrative expenses	<b>(90,424)</b>	(85,780)
Finance costs – corporate loans	<b>(48,405)</b>	(72,037)
Deferred tax on undistributed profits	<b>(13,538)</b>	(4,279)
Profit attributable to equity holders of the Company	<b>940,333</b>	374,165
Taxation charge	<b>192,600</b>	1,795
Profit attributable to non-controlling interests	<b>57,634</b>	(25,422)
Profit before taxation	<b>1,190,567</b>	350,538

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 3. OTHER INCOME

	<b>6 months ended 31st December</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Interest income from jointly controlled entities, net of withholding tax (note)	<b>66,966</b>	219,796
Bank interest income	<b>21,068</b>	40,258
Tax indemnity from the ultimate holding company (note 6)	<b>1,753</b>	16,658
Trademark fee income from jointly controlled entities	–	35,666
Dividend income from available-for-sale financial assets	–	867
	<b>89,787</b>	313,245

Note: The property projects of the Group's jointly controlled entities have been partly financed by the Group in the form of equity capital and unsecured shareholder's advances, majority of which are interest bearing. The Group's attributable share of shareholders' loan interest expenses of jointly controlled entities is included in the share of results of jointly controlled entities as follows:

	<b>6 months ended 31st December</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Share of shareholders' loan interest expenses of jointly controlled entities	<b>(53,721)</b>	(162,610)

## 4. OTHER GAINS, NET

	<b>6 months ended 31st December</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Gain on previously held equity interests as jointly controlled entities (note 18)	<b>513,248</b>	–
Excess of fair value of net assets acquired over cost of acquisition of interest in subsidiaries (note 18)	<b>483,610</b>	50,940
Gain on disposal of investment properties	<b>140</b>	–
Gain on repurchase of convertible bonds	–	67,038
Increase in fair value of financial assets at fair value through profit or loss	–	33,591
Gain on disposal of a subsidiary	–	29,141
Net foreign exchange losses	<b>(6,367)</b>	(16,836)
Loss on disposal of non-current assets held for sale (note 11)	<b>(15,364)</b>	–
Impairment of goodwill	<b>(51,860)</b>	–
	<b>923,407</b>	163,874

## 5. OPERATING PROFIT BEFORE FINANCE COSTS

	6 months ended 31st December	
	2009 HK\$'000	2008 HK\$'000
Operating profit before finance costs is arrived at after crediting:		
Gross rental income from investment properties	<b>196,113</b>	130,363
and after charging:		
Cost of properties sold	<b>2,110,362</b>	363,837
Staff costs	<b>131,069</b>	145,891
Outgoings in respect of investment properties	<b>89,146</b>	53,903
Depreciation of property, plant and equipment	<b>103,375</b>	76,526
Rental for leased premises	<b>16,305</b>	27,392
Amortisation of land use rights	<b>9,454</b>	4,661
Loss on disposal of property, plant and equipment	<b>155</b>	—

## 6. TAXATION CHARGE

	6 months ended 31st December	
	2009 HK\$'000	2008 HK\$'000
Current taxation		
PRC corporate income tax	<b>121,250</b>	16,802
PRC land appreciation tax	<b>76,207</b>	19,869
Deferred taxation	<b>(4,857)</b>	(34,876)
	<b>192,600</b>	1,795

Share of taxation of associated companies and jointly controlled entities for the six months ended 31st December 2009 of HK\$895,000 (2008: HK\$28,111,000) and HK\$132,947,000 (2008: HK\$21,583,000) respectively are included in the condensed consolidated income statement as share of results of associated companies and jointly controlled entities.

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the period (2008: Nil). PRC corporate income tax has been provided on the estimated assessable profits of subsidiaries, associated companies and jointly controlled entities operating in the PRC at 25% (2008: 25%). PRC land appreciation tax is provided at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

In July 1999, a deed of tax indemnity was entered into between New World Development Company Limited, the ultimate holding company and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of, inter alia, certain PRC corporate income tax ("IT") and land appreciation tax ("LAT") payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999. During the period, tax indemnity amounting to HK\$1,753,000 (2008: HK\$16,658,000) was effected.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 7. INTERIM DIVIDEND

The directors have not declared an interim dividend for the six months ended 31st December 2009 (2008: Nil).

## 8. EARNINGS PER SHARE

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

	<b>6 months ended 31st December</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Profit attributable to equity holders of the Company	<b>940,333</b>	374,165
Interest expense on convertible bonds	<b>20,545</b>	16,198
Profit used to determine diluted earnings per share	<b>960,878</b>	390,363

	<b>Number of shares</b>	
	<b>6 months ended 31st December</b>	
	<b>2009</b>	2008
Weighted average number of shares for calculating basic earnings per share	<b>4,638,337,099</b>	4,292,443,892
Effect of dilutive potential shares:		
Share options	<b>5,350,806</b>	700,633
Convertible bonds	<b>347,321,652</b>	366,817,110
Weighted average number of shares for calculating diluted earnings per share	<b>4,991,009,557</b>	4,659,961,635

The earnings per share for the six months ended 31st December 2008 have been adjusted to reflect the effect of rights issue during the period.

## 9. CAPITAL EXPENDITURE

For the six months ended 31st December 2009, the Group's additions to property, plant and equipment, investment properties and land use rights amounted to HK\$373,940,000 (2008: HK\$46,043,000).

## 10. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

Debtors, deposits and other receivables include trade debtors, utility and other deposits, interest and other receivables and prepayments for land cost and proposed development projects. The ageing analysis of trade debtors is as follows:

	<b>As at 31st December 2009 HK\$'000</b>	As at 30th June 2009 HK\$'000
0 to 30 days	<b>455,509</b>	186,858
31 to 60 days	<b>70,066</b>	31,091
61 to 90 days	<b>44,777</b>	10,904
Over 90 days	<b>129,563</b>	147,131
	<b>699,915</b>	375,984

Sales proceed receivables in respect of sale of properties are settled in accordance with the instalment schedules as stipulated in the sale and purchase agreements. Monthly rental in respect of rental properties are payable in advance by tenants in accordance with the lease agreements. Monthly property management fees are payable in advance in accordance with the agreements.

## 11. NON-CURRENT ASSETS HELD FOR SALE

In April 2009, the Group entered into an agreement to dispose of a 50% equity interest in Shanghai Juyi Real Estate Development Co., Ltd. ("Juyi") which is engaged in property development in the PRC at a consideration of HK\$953,169,000, subject to adjustment for any changes in the attributable net asset value of Juyi as at the date of completion. After the completion, the Group will cease to have any interest in Juyi.

During the period, the transaction was completed at a consideration of HK\$1,173,911,000, resulting in a disposal loss of HK\$15,364,000 (note 4).

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 12. SHARE CAPITAL

	<b>As at 31st December 2009 HK\$'000</b>	As at 30th June 2009 HK\$'000
Authorised:		
8,000,000,000 shares of HK\$0.1 each	<b>800,000</b>	800,000
Issued and fully paid:		
5,756,286,589 (30th June 2009: 3,836,471,082) shares of HK\$0.1 each	<b>575,628</b>	383,647

Details of the movement in the issued share capital of the Company are summarised as follows:

	<b>Number of shares of HK\$0.1 each</b>	<b>HK\$'000</b>
At 30th June 2008	3,834,502,332	383,450
Exercise of share options	1,968,750	197
At 30th June 2009	3,836,471,082	383,647
Rights issue (note(i))	1,918,584,241	191,858
Exercise of share options (note(ii))	1,231,266	123
At 31st December 2009	5,756,286,589	575,628

Notes:

- (i) During the period, 1,918,584,241 shares of HK\$0.10 each were issued at HK\$2.55 per share by way of rights issue on the basis of one rights share for every two existing shares ("Rights Issue").

- (ii) Pursuant to the share option scheme adopted on 26th November 2002, the Company may grant options to executive directors and employees of the Company or its subsidiaries to subscribe for shares in the Company. Adjustments were made to the exercise price of and the number of shares that can be subscribed for under the outstanding share options on 17th November 2009 ("Date of Adjustment") as a result of the Rights Issue which became unconditional on 16th November 2009. The movements in the number of share options granted during the period and the balance outstanding at 31st December 2009 are as follows:

Date of offer to grant	Exercise price		Number of share options						At 31st December 2009
	before the Date of Adjustment	after the Date of Adjustment	At 1st July 2009	Granted during the period	Exercised from 1st July 2009 up to the Date of Adjustment	Adjusted on the Date of Adjustment	Exercised from the Date of Adjustment up to 31st December 2009	Lapsed during the period	
	HK\$	HK\$				(note 5)			
4th November 2004	2.484 <sup>(1)</sup>	—	50,000	—	(50,000)	—	—	—	—
22nd December 2004	2.689 <sup>(1)</sup>	—	49,800	—	(49,800)	—	—	—	—
13th July 2005	2.300 <sup>(1)</sup>	2.055	150,000	—	(90,400)	7,116	—	—	66,716
7th November 2005	2.620 <sup>(1)</sup>	2.341	10,400	—	—	1,241	—	—	11,641
28th March 2006	3.915 <sup>(1)</sup>	3.497	1,979,600	—	—	236,370	—	—	2,215,970
28th June 2006	2.865 <sup>(1)</sup>	2.559	389,600	—	—	46,519	—	—	436,119
17th October 2006	3.340 <sup>(1)</sup>	2.984	99,600	—	—	11,892	—	—	111,492
28th December 2006	4.712 <sup>(1)</sup>	4.209	846,800	—	—	101,110	—	—	947,910
19th March 2007	4.500 <sup>(1)</sup>	4.020	735,200	—	—	87,785	—	—	822,985
14th June 2007	6.710 <sup>(1)</sup>	5.994	1,491,600	—	—	178,101	—	—	1,669,701
17th October 2007	8.070 <sup>(1)</sup>	7.209	1,460,800	—	—	174,423	—	—	1,635,223
28th December 2007	6.972 <sup>(1)</sup>	6.228	870,000	—	—	103,880	—	—	973,880
28th December 2007	6.972 <sup>(2)</sup>	6.228	12,760,000	—	—	1,523,582	—	—	14,283,582
22nd April 2008	5.260 <sup>(1)</sup>	4.699	868,800	—	—	69,110	—	(290,000)	647,910
31st July 2008	3.662 <sup>(1)</sup>	3.271	907,600	—	—	108,370	—	—	1,015,970
12th November 2008	1.682 <sup>(1)</sup>	1.503	1,048,000	—	—	125,134	(120,400)	—	1,052,734
2nd December 2008	1.500 <sup>(3)</sup>	1.340	1,324,200	—	(356,800)	115,510	—	—	1,082,910
2nd December 2008	1.500 <sup>(4)</sup>	1.340	14,946,000	—	(118,000)	1,760,358	(383,466)	(85,000)	16,119,892
2nd December 2008	1.500 <sup>(1)</sup>	1.340	2,151,200	—	(32,400)	252,991	(30,000)	—	2,341,791
3rd February 2009	1.980 <sup>(1)</sup>	1.769	816,800	—	—	97,528	—	—	914,328
26th June 2009	4.550 <sup>(1)</sup>	4.065	834,000	2,395,800	—	355,988	—	(337,952)	3,247,836
19th November 2009	—	3.068 <sup>(1)</sup>	—	3,470,000	—	—	—	—	3,470,000
			43,790,000	5,865,800	(697,400)	5,357,008	(533,866)	(712,952)	53,068,590

Notes:

- (1) On dates of grant, the share options are divided into 5 tranches and exercisable within a period of 5 years commencing on the expiry of one month after the dates on which the options were accepted.
- (2) On dates of grant, the share options are divided into 3 tranches and exercisable within a period of 3 years commencing on the expiry of one month after the dates on which the options were accepted.
- (3) On dates of grant, the share options are divided into 2 tranches and exercisable within a period of 2 years commencing on the expiry of one month after the dates on which the options were accepted.



# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 12. SHARE CAPITAL (Continued)

- (4) On dates of grant, the share options are divided into 4 tranches and exercisable within a period of 4 years commencing on the expiry of one month after the dates on which the options were accepted.
- (5) Adjustments were made to the exercise price and the number of outstanding share options in accordance with the 2002 Share Option Scheme on 17th November 2009 as a result of the Rights Issue as announced by the Company on 9th October 2009 which became unconditional on 16th November 2009.

## 13. LONG TERM BORROWINGS

	<b>As at 31st December 2009 HK\$'000</b>	As at 30th June 2009 HK\$'000
Bank loans (note (i))		
Secured	<b>4,234,528</b>	2,036,834
Unsecured	<b>8,236,727</b>	8,021,275
Loans from fellow subsidiaries (note (ii))	<b>2,725,440</b>	2,722,188
Loan from non-controlling shareholder (note (iii))	<b>78,188</b>	92,159
Advances from participating interest (note (iv))	<b>1,426,666</b>	979,332
Convertible bonds (note (v))	<b>2,727,964</b>	2,673,726
	<b>19,429,513</b>	16,525,514
Current portion included in current liabilities	<b>(6,044,428)</b>	(5,408,206)
	<b>13,385,085</b>	11,117,308

Notes:

- (i) The bank loans are repayable as follows:

	<b>Secured</b>		<b>Unsecured</b>		<b>Total</b>	
	<b>As at 31st December 2009 HK\$'000</b>	As at 30th June 2009 HK\$'000	<b>As at 31st December 2009 HK\$'000</b>	As at 30th June 2009 HK\$'000	<b>As at 31st December 2009 HK\$'000</b>	As at 30th June 2009 HK\$'000
Within one year	<b>765,159</b>	632,988	<b>2,449,873</b>	2,001,076	<b>3,215,032</b>	2,634,064
Between one and two years	<b>576,960</b>	886,363	<b>3,079,000</b>	1,637,822	<b>3,655,960</b>	2,524,185
Between two and five years	<b>1,677,273</b>	517,483	<b>2,572,058</b>	4,382,377	<b>4,249,331</b>	4,899,860
After five years	<b>1,215,136</b>	–	<b>135,796</b>	–	<b>1,350,932</b>	–
	<b>4,234,528</b>	2,036,834	<b>8,236,727</b>	8,021,275	<b>12,471,255</b>	10,058,109

- (ii) The loans from fellow subsidiaries are repayable as follows:

	<b>As at 31st December 2009 HK\$'000</b>	As at 30th June 2009 HK\$'000
Within one year	<b>101,432</b>	100,416
Between one and two years	<b>19,674</b>	19,593
Between two and five years	<b>2,604,334</b>	2,602,179
	<b>2,725,440</b>	2,722,188

The loans from fellow subsidiaries are unsecured and bear interest at rates ranging from three months Hong Kong Interbank Offered Rate ("HIBOR") to 1.35% above London Interbank Offered Rate ("LIBOR") (30th June 2009: three months HIBOR to 1.35% above LIBOR) per annum.

- (iii) The loan from non-controlling shareholder is unsecured, bear interest at 5% (30th June 2009: 5%) per annum and has repayment term as specified in the joint venture contract.
- (iv) The advances from participating interest of certain property projects are unsecured, interest free and repayable in accordance with the terms as specified in the agreements entered into between the Group and the participating interest.
- (v) In June 2007, a subsidiary of the Company issued USD settled zero coupon guaranteed convertible bonds in the aggregate amount of RMB2,800,000,000, which are convertible into fully paid shares with par value of HK\$0.1 each of the Company. Up to 31st December 2009, the Group had repurchased principal amount of RMB250,000,000 of convertible bonds (30th June 2009: RMB250,000,000).

The bonds, guaranteed by the Company, are convertible into shares of the Company at a conversion price of HK\$8.044 per share at any time on and after 26th June 2007 up to 26th May 2012, with the Renminbi principal amount of the bond translated into Hong Kong dollar at a fixed rate of HK\$1=RMB0.9848, subject to adjustments according to the terms governing the convertible bonds. The bonds are redeemable by the issuer at any time on or after 11th June 2010 at the option of the issuer, subject to the terms governing the convertible bonds. Moreover, the bondholders have the option to require the issuer to redeem all or some of the bonds held by them on 11th June 2010 at 102.27% of the principal amount. Unless previously redeemed, converted or purchased and cancelled, the bonds will be redeemed on the maturity date on 11th June 2012 at 103.81% of the principal amount.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 14. CREDITORS AND ACCRUALS

Creditors and accruals include trade creditors, retention payables of construction costs, other payables and various accruals. The ageing analysis of trade creditors is as follows:

	<b>As at 31st December 2009 HK\$'000</b>	As at 30th June 2009 HK\$'000
0 to 30 days	<b>733,680</b>	632,549
31 to 60 days	<b>33,658</b>	64,689
61 to 90 days	<b>4,122</b>	9,835
Over 90 days	<b>351,766</b>	372,959
	<b>1,123,226</b>	1,080,032

## 15. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

The amounts due to non-controlling shareholders are unsecured, interest free and repayable on demand.

## 16. GUARANTEES

### (i) Corporate guarantees for banking facilities

The Group has corporate guarantees of approximately HK\$2,671,229,000 (30th June 2009: HK\$3,207,018,000) given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. As at 31st December 2009, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the associated companies and jointly controlled entities was approximately HK\$1,712,138,000 (30th June 2009: HK\$2,014,538,000).

### (ii) Guarantees in respect of mortgage facilities

As at 31st December 2009, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group and the outstanding mortgage loans under these guarantees amounted to HK\$1,101,669,000 (30th June 2009: HK\$753,543,000). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties.

## 17. COMMITMENTS

### Capital expenditure commitments

(a) The capital expenditure commitments of the Group are as follows:

	<b>As at 31st December 2009 HK\$'000</b>	As at 30th June 2009 HK\$'000
Authorised but not contracted for		
Purchase consideration for a proposed development project	<b>108,000</b>	108,000
Contracted but not provided for		
Property, plant and equipment and investment properties	<b>454,683</b>	17,166
Purchase consideration for development projects	<b>76,390</b>	599,698
	<b>531,073</b>	616,864
	<b>639,073</b>	724,864

(b) The Group did not have any share of capital commitments of the jointly controlled entities (30th June 2009: Nil).

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 18. BUSINESS COMBINATIONS

- (1) In September 2009, the Group acquired 30% interest in Tianjin New World Properties Development Co., Ltd. ("Tianjin New World Properties") without consideration as a result of the withdrawal of the joint venture partner of Tianjin New World Properties from the co-operative joint venture. As a result, Tianjin New World Properties became a wholly-owned subsidiary of the Group. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	<b>HK\$'000</b>
Consideration transferred	–
Fair value of equity interest held in Tianjin New World Properties before the business combination	<b>1,381,430</b>
	<b>1,381,430</b>

The recognised amounts of identifiable assets acquired and liabilities assumed as at the date of acquisition are as follows:

	<b>HK\$'000</b>
Property, plant and equipment	<b>369</b>
Debtors, deposits and other receivables	<b>1,660,410</b>
Cash and bank balances, unrestricted	<b>48,499</b>
Creditors and accruals	<b>(376)</b>
Deposits received on sales of properties	<b>(191,530)</b>
Balance with a jointly controlled entity	<b>(24,350)</b>
Total identifiable net assets	<b>1,493,022</b>
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	<b>(111,592)</b>
	<b>1,381,430</b>

Since the date of acquisition, Tianjin New World Properties did not contribute any revenue and incurred loss of approximately HK\$2,076,000. If the acquisition had occurred on 1st July 2009, there would not have been material effect on the Group's revenue and profit for the period.

The Group has benefited from the appreciation in the fair value of the acquired net assets over the years. For the purpose of the business combination, excess of fair value of net assets acquired over cost of acquisition of interests in the subsidiary was resulted.

- (2) In November 2009, the Group acquired 40% interest in Guangzhou Jixian Zhuang New World City Garden Development Limited ("Jixian Zhuang") at a consideration of RMB1. As a result, Jixian Zhuang became a wholly-owned subsidiary of the Group. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	<b>HK\$'000</b>
Consideration transferred	–
Fair value of equity interest held in Jixian Zhuang before the business combination	<b>693,174</b>
	<b>693,174</b>

The recognised amounts of identifiable assets acquired and liabilities assumed as at the date of acquisition are as follows:

	<b>HK\$'000</b>
Investment properties	<b>442,841</b>
Property, plant and equipment	<b>1,981</b>
Debtors, deposits and other receivables	<b>51,902</b>
Completed properties held for sale	<b>71,591</b>
Properties under development	<b>1,135,227</b>
Cash and bank balances, unrestricted	<b>831,812</b>
Creditors and accruals	<b>(115,308)</b>
Deposits received on sales of properties	<b>(777,823)</b>
Long term borrowings	<b>(272,727)</b>
Deferred tax liabilities	<b>(281,964)</b>
Taxes payable	<b>(66,998)</b>
Balance with a jointly controlled entity	<b>10,756</b>
Total identifiable net assets	<b>1,031,290</b>
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	<b>(338,116)</b>
	<b>693,174</b>

Since the date of acquisition, Jixian Zhuang contributed revenues of approximately HK\$378,473,000 and incurred loss of approximately HK\$17,884,000. If the acquisition had occurred on 1st July 2009, the Group's revenue and profit for the period would have increased by HK\$447,015,000 and HK\$115,010,000 respectively.

The Group has benefited from the appreciation in the fair value of the acquired net assets over the years. For the purpose of the business combination, the Group recognised a gain of HK\$261,185,000 as a result of measuring at fair value of its 60% equity interest in Jixian Zhuang before the business combination and excess of fair value of net assets acquired over cost of acquisition of interests in the subsidiary was resulted.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 18. BUSINESS COMBINATIONS (Continued)

- (3) In December 2009, the Group acquired 52.5% interest in Shanghai Trio Property Development Co., Ltd. ("Trio") at a consideration of HK\$520,638,000. As a result, Trio became a wholly-owned subsidiary of the Group. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	<b>HK\$'000</b>
Consideration transferred	<b>520,638</b>
Fair value of equity interest held in Trio before the business combination	<b>501,727</b>
	<b>1,022,365</b>

The recognised amounts of identifiable assets acquired and liabilities assumed as at the date of acquisition are as follows:

	<b>HK\$'000</b>
Investment properties	<b>169,589</b>
Property, plant and equipment	<b>422</b>
Debtors, deposits and other receivables	<b>1,185</b>
Completed properties held for sale	<b>220,125</b>
Properties under development	<b>1,596,043</b>
Cash and bank balances, unrestricted	<b>56,561</b>
Creditors and accruals	<b>(14,612)</b>
Taxes payable	<b>(266)</b>
Long term borrowings	<b>(454,545)</b>
Deferred tax liabilities	<b>(420,703)</b>
Balance with a jointly controlled entity	<b>(97,532)</b>
Total identifiable net assets	<b>1,056,267</b>
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	<b>(33,902)</b>
	<b>1,022,365</b>

Since the date of acquisition, Trio contributed revenues of approximately HK\$59,000 and incurred loss of approximately HK\$1,326,000. If the acquisition had occurred on 1st July 2009, there would not have been material effect on the Group's revenue and profit for the period.

The Group has benefited from the appreciation in the fair value of the acquired net assets over the years. For the purpose of the business combination, the Group recognised a gain of HK\$252,063,000 as a result of measuring at fair value of its 47.5% equity interest in Trio before the business combination and excess of fair value of net assets acquired over cost of acquisition of interests in the subsidiary was resulted.

## 19. RELATED PARTY TRANSACTIONS

### (i) Transactions with related parties

The following is a summary of significant related party transactions carried out by the Group during the period in the normal course of its business:

	6 months ended 31st December	
	2009 HK\$'000	2008 HK\$'000
Interest expense on loans from fellow subsidiaries	3,278	31,694
Rental expense for leased premises to fellow subsidiaries	7,338	3,940
Rental expense for leased premises to associated companies	—	17,614
Property agency fee paid to a fellow subsidiary	6,404	861
Interest income from jointly controlled entities	76,891	245,458
Estate management fee income from fellow subsidiaries and jointly controlled entities	4,331	3,004
Rental income from fellow subsidiaries	37,078	34,689
Management service fee income from fellow subsidiaries	3,549	—
Rental income from an associated company	—	3,409
Trademark fee income from jointly controlled entities	—	35,666

These related party transactions were in accordance with the terms as disclosed in the 2009 annual financial statements.

- (ii) Total fees for the provision of project management, construction and engineering consultancy services in respect of certain of the Group's property projects and payable to certain fellow subsidiaries for the period amounted to HK\$96,491,000 (2008: HK\$968,992,000). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.
- (iii) A deed of tax indemnity was entered into between the ultimate holding company and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of IT and LAT payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999. During the period, tax indemnity amounting to HK\$1,753,000 (2008: HK\$16,658,000) was effected.
- (iv) During the period, the Group acquired 52.5% interest in Trio at a consideration of HK\$520,638,000 from Guilherme Holdings (Hong Kong) Limited ("Guilherme") and disposed of 50% interest in Juyi at a consideration of HK\$1,173,911,000 to Guilherme. Guilherme is wholly beneficially owned by a director of the Company.





# OTHER INFORMATION

## DIRECTORS' INTERESTS IN SECURITIES

As at 31st December 2009, the interests of the directors and their associates in shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

### (A) Long position in shares

	Number of shares			Total	Percentage to the relevant issued share capital as at 31st December 2009
	Personal interests	Family interests	Corporate interests		
<b>New World China Land Limited</b>					
(Ordinary shares of HK\$0.10 each)					
Dr. Cheng Kar-shun, Henry	18,750,000	2,925,000	78,406,800 <sup>(1)</sup>	<b>100,081,800</b>	1.74
Mr. Doo Wai-hoi, William	13,125,000	—	52,258,400 <sup>(2)</sup>	<b>65,383,400</b>	1.14
Mr. Leung Chi-kin, Stewart	790,000	—	—	<b>790,000</b>	0.01
Mr. Chow Kwai-cheung	126	—	—	<b>126</b>	0.00
Mr. Chow Yu-chun, Alexander	9,825,000	—	—	<b>9,825,000</b>	0.17
Mr. Fong Shing-kwong, Michael	2,105,250	—	—	<b>2,105,250</b>	0.04
Ms. Ngan Man-ying, Lynda	100,000	—	—	<b>100,000</b>	0.00
Mr. Cheng Wai-chee, Christopher	83,600	—	—	<b>83,600</b>	0.00
Mr. Tien Pei-chun, James	83,600	—	—	<b>83,600</b>	0.00
Mr. Lee Luen-wai, John	83,600	—	—	<b>83,600</b>	0.00
<b>New World Development Company Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	300,000	—	<b>300,000</b>	0.01
Mr. Doo Wai-hoi, William	—	—	1,000,000 <sup>(2)</sup>	<b>1,000,000</b>	0.03
Mr. Leung Chi-kin, Stewart	134,538	—	—	<b>134,538</b>	0.00
Mr. Chow Kwai-cheung	54,919	—	—	<b>54,919</b>	0.00
Mr. Fong Shing-kwong, Michael	206,033	—	—	<b>206,033</b>	0.01
<b>NWS Holdings Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	9,179,199	—	8,000,000 <sup>(1)</sup>	<b>17,179,199</b>	0.83
Mr. Doo Wai-hoi, William	2,006,566	—	9,130,000 <sup>(2)</sup>	<b>11,136,566</b>	0.54
Mr. Cheng Kar-shing, Peter	201,025	—	2,967,575 <sup>(3)</sup>	<b>3,168,600</b>	0.15
Mr. Leung Chi-kin, Stewart	2,202,351	—	—	<b>2,202,351</b>	0.11
Mr. Chow Kwai-cheung	8,208	—	—	<b>8,208</b>	0.00
Mr. Fong Shing-kwong, Michael	1,620,707	—	—	<b>1,620,707</b>	0.08
Mr. Cheng Wai-chee, Christopher	762,337	—	—	<b>762,337</b>	0.04

	Number of shares			Total	Percentage to the relevant issued share capital as at 31st December 2009
	Personal interests	Family interests	Corporate interests		
<b>New World Department Store China Limited</b> (Ordinary shares of HK\$0.10 each)					
Mr. Cheng Chi-kong, Adrian	—	—	1,107,000 <sup>(4)</sup>	<b>1,107,000</b>	0.07
<b>Dragon Fortune Limited</b> (Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	15,869 <sup>(5)</sup>	<b>15,869</b>	27.41
<b>Mega Choice Holdings Limited</b> (in liquidation) (Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	—	420,585,070 <sup>(1)</sup>	<b>420,585,070</b>	34.61
<b>Sun City Holdings Limited</b> (Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	80,000	3,570,000 <sup>(6)</sup>	<b>3,650,000</b>	45.63
<b>Sun Legend Investments Limited</b> (Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	500 <sup>(7)</sup>	<b>500</b>	50.00
<b>YE Holdings Corporation</b> (Ordinary shares of HK\$1.00 each)					
Mr. Leung Chi-kin, Stewart	37,500	—	—	<b>37,500</b>	1.50

## Notes:

1. These shares are beneficially owned by companies wholly-owned by Dr. Cheng Kar-shun, Henry.
2. These shares are beneficially owned by companies wholly-owned by Mr. Doo Wai-hoi, William.
3. These shares are beneficially owned by a company wholly-owned by Mr. Cheng Kar-shing, Peter.
4. These shares are beneficially owned by a company wholly-owned by Mr. Cheng Chi-kong, Adrian.
5. 4,102 shares are held by a company wholly-owned by Mr. Cheng Kar-shing, Peter and 11,767 shares are held by Sun City Holdings Limited ("Sun City"), of which Mr. Cheng is deemed to be interested in 45.63% of its issued share capital.
6. These shares are held by a company of which Mr. Cheng Kar-shing, Peter owns an indirect interest of 49.58%.
7. Mr. Cheng Kar-shing, Peter is deemed to be interested in these shares by virtue of his interests in Sun City.

# OTHER INFORMATION

## DIRECTORS' INTERESTS IN SECURITIES (continued)

### (B) Long position in underlying shares – share options

#### (1) The Company

Under the share option scheme of the Company adopted on 26th November 2002, share options were granted to the undermentioned directors which entitle them to subscribe for shares of the Company and accordingly they are regarded as interested in the underlying shares of the Company. Details of the share options held by them during the period were as follows:

Name of director	Date of grant	Exercisable period (note)	Number of share options				Balance as at 31st December 2009	Exercise price per share (before adjustment) (note 5) HK\$	Exercise price per share (after adjustment) (note 5) HK\$
			Balance as at 1st July 2009	Adjusted during the period (note 5)	Exercised during the period	Re-classified during the period (note 8)			
Dr. Cheng Kar-shun, Henry	7th January 2008	(1)	2,000,000	238,806	–	–	<b>2,238,806</b>	6.972	6.228
	29th December 2008	(2)	1,600,000	191,045	–	–	<b>1,791,045</b>	1.500	1.340
Mr. Doo Wai-hoi, William	7th January 2008	(1)	800,000	95,522	–	–	<b>895,522</b>	6.972	6.228
	29th December 2008	(2)	650,000	77,612	–	–	<b>727,612</b>	1.500	1.340
Mr. Cheng Kar-shing, Peter	7th January 2008	(1)	800,000	95,522	–	–	<b>895,522</b>	6.972	6.228
	29th December 2008	(2)	650,000	77,612	–	–	<b>727,612</b>	1.500	1.340
Mr. Cheng Chi-Kong, Adrian	25th July 2006	(3)	331,600	39,594	–	–	<b>371,194</b>	2.865	2.559
	7th January 2008	(1)	1,500,000	179,104	–	–	<b>1,679,104</b>	6.972	6.228
	29th December 2008	(2)	1,200,000	143,284	–	–	<b>1,343,284</b>	1.500	1.340
Mr. Leung Chi-kin, Stewart	7th January 2008	(1)	200,000	23,882	–	–	<b>223,882</b>	6.972	6.228
	29th December 2008	(2)	150,000	17,910	(40,000) <sup>(6)</sup>	–	<b>127,910</b>	1.500	1.340
Mr. Chow Kwai-cheung	7th January 2008	(1)	200,000	23,882	–	–	<b>223,882</b>	6.972	6.228
	29th December 2008	(2)	150,000	17,910	–	–	<b>167,910</b>	1.500	1.340
Mr. Chow Yu-chun, Alexander	7th January 2008	(1)	500,000	59,701	–	–	<b>559,701</b>	6.972	6.228
	29th December 2008	(2)	500,000	59,701	–	–	<b>559,701</b>	1.500	1.340
Mr. Fong Shing-kwong, Michael	7th January 2008	(1)	500,000	59,701	–	–	<b>559,701</b>	6.972	6.228
	29th December 2008	(4)	112,500	13,433	–	–	<b>125,933</b>	1.500	1.340
Ms. Ngan Man-ying, Lynda	7th January 2008	(1)	1,000,000	119,403	–	–	<b>1,119,403</b>	6.972	6.228
	29th December 2008	(2)	900,000	107,463	–	–	<b>1,007,463</b>	1.500	1.340
Mr. Fu Sze-shing	7th January 2008	(1)	200,000	23,882	–	(223,882)	–	6.972	6.228
	29th December 2008	(2)	150,000	17,910	–	(167,910)	–	1.500	1.340
Mr. Cheng Wai-chee, Christopher	7th January 2008	(1)	300,000	35,821	–	–	<b>335,821</b>	6.972	6.228
	29th December 2008	(2)	300,000	35,821	(83,600) <sup>(7)</sup>	–	<b>252,221</b>	1.500	1.340
Mr. Tien Pei-chun, James	7th January 2008	(1)	300,000	35,821	–	–	<b>335,821</b>	6.972	6.228
	29th December 2008	(2)	300,000	35,821	(83,600) <sup>(7)</sup>	–	<b>252,221</b>	1.500	1.340
Mr. Lee Luen-wai, John	7th January 2008	(1)	300,000	35,821	–	–	<b>335,821</b>	6.972	6.228
	29th December 2008	(2)	300,000	35,821	(83,600) <sup>(7)</sup>	–	<b>252,221</b>	1.500	1.340
Total			15,894,100	1,897,805	(290,800)	(391,792)	<b>17,109,313</b>		

## Notes:

1. *Divided into 3 tranches, exercisable from 8th February 2008, 8th February 2009 and 8th February 2010, respectively to 7th February 2011.*
2. *Divided into 4 tranches, exercisable from 30th January 2009, 30th January 2010, 30th January 2011 and 30th January 2012, respectively to 29th January 2013.*
3. *Divided into 5 tranches, exercisable from 26th August 2006, 26th August 2007, 26th August 2008, 26th August 2009 and 26th August 2010, respectively to 25th August 2011.*
4. *Divided into 3 tranches, exercisable from 30th January 2010, 30th January 2011 and 30th January 2012, respectively to 29th January 2013.*
5. *Pursuant to the share option scheme of the Company, the number of share options and exercise price are subject to adjustment in case of alteration in the Company's capital structure. Accordingly, the rights issue as announced by the Company on 9th October 2009 which became unconditional on 16th November 2009 constituted an event giving rise to an adjustment to the exercise prices and the number of outstanding share options in accordance with the share option scheme on 17th November 2009.*
6. *The exercise date was 19th November 2009. On the trading date immediately before the exercise date, the closing price per share was HK\$3.050.*
7. *The exercise date was 11th December 2009. On the trading date immediately before the exercise date, the closing price per share was HK\$3.050.*
8. *The interests of Mr. Fu Sze-shing in the share options were re-classified as employee's interests due to his resignation as a non-executive director of the Company on 1st December 2009. Mr. Fu Sze-shing remains to act as a director of certain subsidiaries of the Group.*
9. *The cash consideration paid by each of the directors for grant of the share options is HK\$10.*

## OTHER INFORMATION

### DIRECTORS' INTERESTS IN SECURITIES *(continued)*

#### (B) Long position in underlying shares – share options *(continued)*

##### (2) *New World Development Company Limited*

Under the share option scheme of the holding company, New World Development Company Limited (“NWD”), the following directors have personal interests in share options to subscribe for shares in NWD and are accordingly regarded as interested in the underlying shares of NWD. Details of the share options of NWD held by them during the period were as follows:

Name of director	Date of grant	Exercisable period (note)	Number of share options			Exercise price per share HK\$
			Balance as at 1st July 2009	Exercised during the period	Balance as at 31st December 2009	
Dr. Cheng Kar-shun, Henry	19th March 2007	(1)	36,710,652	–	<b>36,710,652</b>	17.654
Mr. Cheng Kar-shing, Peter	19th March 2007	(1)	201,153	–	<b>201,153</b>	17.654
		(2)	1,206,925	–	<b>1,206,925</b>	17.654
Mr. Cheng Chi-kong, Adrian	19th March 2007	(2)	502,885	–	<b>502,885</b>	17.654
Mr. Leung Chi-kin, Stewart	19th March 2007	(1)	35,704,880	–	<b>35,704,880</b>	17.654
Mr. Chow Kwai-cheung	19th March 2007	(2)	1,206,925	–	<b>1,206,925</b>	17.654
Mr. Chow Yu-chun, Alexander	19th March 2007	(2)	1,508,656	–	<b>1,508,656</b>	17.654
Mr. Fong Shing-kwong, Michael	19th March 2007	(3)	603,462	–	<b>603,462</b>	17.654
Mr. Fu Sze-shing	19th March 2007	(2)	754,327	–	<b>754,327<sup>(4)</sup></b>	17.654
Mr. Lee Luen-wai, John	19th March 2007	(1)	301,731	–	<b>301,731</b>	17.654
Total			78,701,596	–	<b>78,701,596</b>	

Notes:

1. *Exercisable from 19th March 2007 to 18th March 2012.*
2. *Divided into 5 tranches exercisable from 19th March 2007, 19th March 2008, 19th March 2009, 19th March 2010 and 19th March 2011, respectively to 18th March 2012.*
3. *Divided into 3 tranches exercisable from 19th March 2009, 19th March 2010 and 19th March 2011, respectively to 18th March 2012.*
4. *Mr. Fu Sze-shing resigned as a non-executive director of the Company with effect from 1st December 2009 and the closing balance of his interests refers to the balance as at his resignation date.*
5. *The cash consideration paid by each of the directors for grant of the share options is HK\$10.*

(3) *NWS Holdings Limited*

Under the share option scheme of a fellow subsidiary, NWS Holdings Limited ("NWS"), the following directors have personal interests in share options to subscribe for shares in NWS and are accordingly regarded as interested in the underlying shares of NWS. Details of the share options of NWS held by them during the period were as follows:

Name of director	Date of grant	Exercisable period (note)	Number of share options		Exercise price per share HK\$	
			Balance as at 1st July 2009	Exercised during the period		
Dr. Cheng Kar-shun, Henry	21st August 2007	(1)	1,200,511	—	<b>1,200,511</b>	16.193
		(2)	1,800,766	—	<b>1,800,766</b>	16.193
Mr. Doo Wai-hoi, William	21st August 2007	(1)	800,340	—	<b>800,340</b>	16.193
		(2)	1,200,511	—	<b>1,200,511</b>	16.193
Mr. Cheng Wai-chee, Christopher	21st August 2007	(1)	240,102	—	<b>240,102</b>	16.193
		(2)	360,153	—	<b>360,153</b>	16.193
Total			5,602,383	—	<b>5,602,383</b>	

Notes:

1. *Exercisable from 21st August 2008 to 20th August 2012.*
2. *Divided into 3 tranches exercisable from 21st August 2009, 21st August 2010 and 21st August 2011, respectively to 20th August 2012.*
3. *The cash consideration paid by each of the directors for grant of the share options is HK\$10.*

## OTHER INFORMATION

### DIRECTORS' INTERESTS IN SECURITIES (continued)

#### (B) Long position in underlying shares – share options (continued)

##### (4) New World Department Store China Limited

Under the share option scheme of a fellow subsidiary, New World Department Store China Limited ("NWDS"), the following directors have personal interests in share options to subscribe for shares in NWDS and are accordingly regarded as interested in the underlying shares of NWDS. Details of the share options of NWDS held by them during the period were as follows:

Name of director	Date of grant	Exercisable period (note)	Number of share options		Exercise price per share HK\$
			Balance as at 1st July 2009	Exercised during the period	
Dr. Cheng Kar-shun, Henry	27th November 2007	(1)	1,000,000	–	8.660
Mr. Cheng Chi-kong, Adrian	27th November 2007	(1)	500,000	–	8.660
Ms. Ngan Man-ying, Lynda	27th November 2007	(1)	500,000	–	8.660
Total			2,000,000	–	

Notes:

- Divided into 5 tranches exercisable from 27th November 2008, 27th November 2009, 27th November 2010, 27th November 2011 and 27th November 2012, respectively to 26th November 2013, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- The cash consideration paid by each of the directors for grant of the share options is HK\$1.

#### (C) Long position in debentures

The following directors have interest in the debentures issued by New World China Land Finance Limited ("NWCLF"), an indirect wholly-owned subsidiary of the Company. Details of the debentures of NWCLF held by them as at 31st December 2009 were as follows:

Name of director	Amount of debentures in RMB issued by NWCLF				Percentage to the total debentures in issue as at 31st December 2009
	Personal interest	Family interest	Corporate interest	Total	
Mr. Doo Wai-hoi, William	10,000,000 <sup>(1)</sup>	36,000,000 <sup>(2)</sup>	87,700,000 <sup>(3)</sup>	133,700,000	5.24
Mr. Cheng Chi-kong, Adrian	–	–	2,000,000 <sup>(4)</sup>	2,000,000	0.08
Total	10,000,000	36,000,000	89,700,000	135,700,000	

## Notes:

1. These debentures are convertible into 1,484,553 shares of HK\$0.10 each of the Company, representing approximately 0.03% of the Company's issued share capital as at 31st December 2009, for the period from 26th June 2007 to 26th May 2012.
2. These debentures are beneficially held by a company owned by the spouse of Mr. Doo Wai-hoi, William and are convertible into 5,344,392 shares of HK\$0.10 each of the Company, representing approximately 0.09% of the Company's issued share capital as at 31st December 2009, for the period from 26th June 2007 to 26th May 2012.
3. These debentures are beneficially held by companies wholly-owned by Mr. Doo Wai-hoi, William and are convertible into 13,019,533 shares of HK\$0.10 each of the Company, representing approximately 0.23% of the Company's issued share capital as at 31st December 2009, for the period from 26th June 2007 to 26th May 2012.
4. These debentures are beneficially held by a company wholly-owned by Mr. Cheng Chi-kong, Adrian and are convertible into 296,910 shares of HK\$0.10 each of the Company, representing approximately 0.01% of the Company's issued share capital as at 31st December 2009, for the period from 26th June 2007 to 26th May 2012.

Save as disclosed above, as at 31st December 2009, none of the directors, chief executives or any of their associates had or deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31st December 2009, the interests or short positions of substantial shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Number of shares			Percentage to the issued share capital as at 31st December 2009
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTF") (Note 1)	—	4,067,863,083	<b>4,067,863,083</b>	70.67
Centennial Success Limited ("CSL") (Note 1)	—	4,067,863,083	<b>4,067,863,083</b>	70.67
Chow Tai Fook Enterprises Limited ("CTF") (Note 2)	—	4,067,863,083	<b>4,067,863,083</b>	70.67
New World Development Company Limited ("NWD")	3,813,278,042 <sup>(3)</sup>	254,585,041 <sup>(4)</sup>	<b>4,067,863,083</b>	70.67

## Notes:

1. CYTF holds 51% interest in CSL which in turn holds the entire interests in CTF. Therefore, CYTF and CSL are deemed to have interests in the shares in which CTF is deemed to be interested by virtue of its interests in NWD as mentioned in note 2 below.
2. CTF and its subsidiaries have interests in more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares in which NWD is interested or deemed to be interested.



# OTHER INFORMATION

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES *(continued)*

*Notes (continued):*

3. *These include the beneficial interest in 3,806,449,096 shares and the interest derived from the holding of debentures issued by New World China Land Finance Limited which were convertible into 6,828,946 shares.*
4. *The number of shares held under the corporate interests of NWD includes 170,027,818 shares held by Easywin Enterprises Corporation Limited, its 100% owned subsidiary, 22,508,064 shares held by Great Worth Holdings Limited, its 59% owned subsidiary, and 62,049,159 shares held by High Earnings Holdings Limited, its 57% owned subsidiary.*

All the interests stated above represent long position. Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 31st December 2009.

## SHARE OPTION SCHEME

On 18th December 2000, the Company adopted a share option scheme ("2000 Share Option Scheme") pursuant to which employees, including directors, of the Group were given opportunity to obtain equity holdings in the Company. The 2000 Share Option Scheme was subsequently terminated at the annual general meeting of the Company held on 26th November 2002 whereby a new share option scheme ("2002 Share Option Scheme") was adopted in compliance with the new requirements of the Listing Rules. Any share options which were granted under the 2000 Share Option Scheme prior to such termination shall continue to be valid and exercisable in accordance with the terms of the 2000 Share Option Scheme. No share option has been granted, exercised, cancelled, lapsed or outstanding under the 2000 Share Option Scheme during the six months ended 31st December 2009.

Pursuant to the 2002 Share Option Scheme, the number of share options and exercise prices are subject to adjustment in case of alteration in the Company's capital structure. Accordingly, the rights issue as announced by the Company on 9th October 2009 which became unconditional on 16th November 2009 constituted an event giving rise to an adjustment to the exercise prices and the number of outstanding share options on 17th November 2009 in accordance with the 2002 Share Option Scheme.

During the six months ended 31st December 2009, movement of share options granted to the directors and employees of the Group, including the adjustment made, under the 2002 Share Option Scheme was as follows:

- (A) Movement of share options granted to directors was disclosed under the heading "Directors' interests in securities" above.

(B) Movement of share options granted to employees was as follows:

Date of grant	Number of share options (note 1)							Outstanding as at 31st December 2009	Exercise price per share (before adjustment) (note 7) HK\$	Exercise price per share (after adjustment) (note 7) HK\$
	Balance as at 1st July 2009	Granted during the period (note 5)	Exercised during the period (before adjustment) (note 6)	Adjusted during the period (note 7)	Exercised during the period (after adjustment) (note 6)	Lapsed during the period	Re-classified as employee's interests during the period (note 8)			
4th November to 1st December 2004	50,000	–	(50,000)	–	–	–	–	–	2.484	–
22nd December 2004 to 18th January 2005	49,800	–	(49,800)	–	–	–	–	–	2.689	–
13th July to 9th August 2005	150,000	–	(90,400)	7,116	–	–	–	<b>66,716</b>	2.300	2.055
7th November to 2nd December 2005	10,400	–	–	1,241	–	–	–	<b>11,641</b>	2.620	2.341
28th March to 24th April 2006	1,979,600	–	–	236,370	–	–	–	<b>2,215,970</b>	3.915	3.497
28th June to 26th July 2006	58,000	–	–	6,925	–	–	–	<b>64,925</b>	2.865	2.559
17th October to 13th November 2006	99,600	–	–	11,892	–	–	–	<b>111,492</b>	3.340	2.984
28th December 2006 to 24th January 2007	846,800	–	–	101,110	–	–	–	<b>947,910</b>	4.712	4.209
19th March to 13th April 2007	735,200	–	–	87,785	–	–	–	<b>822,985</b>	4.500	4.020
14th June to 11th July 2007	1,491,600	–	–	178,101	–	–	–	<b>1,669,701</b>	6.710	5.994
17th October to 13th November 2007	1,460,800	–	–	174,423	–	–	–	<b>1,635,223</b>	8.070	7.209
28th December 2007 to 24th January 2008	870,000	–	–	103,880	–	–	–	<b>973,880</b>	6.972	6.228
28th December 2007 to 24th January 2008	4,160,000 <sup>(2)</sup>	–	–	496,714	–	–	223,882	<b>4,880,596</b>	6.972	6.228
22nd April to 19th May 2008	868,800	–	–	69,110	–	(290,000)	–	<b>647,910</b>	5.260	4.699
31st July to 27th August 2008	907,600	–	–	108,370	–	–	–	<b>1,015,970</b>	3.662	3.271
12th November to 9th December 2008	1,048,000	–	–	125,134	(120,400)	–	–	<b>1,052,734</b>	1.682	1.503
2nd December to 29th December 2008	1,324,200 <sup>(3)</sup>	–	(356,800)	115,510	–	–	–	<b>1,082,910</b>	1.500	1.340
2nd December to 29th December 2008	7,983,500 <sup>(4)</sup>	–	(118,000)	929,015	(92,666)	(85,000)	167,910	<b>8,784,759</b>	1.500	1.340
2nd December to 29th December 2008	2,151,200	–	(32,400)	252,991	(30,000)	–	–	<b>2,341,791</b>	1.500	1.340
3rd February to 2nd March 2009	816,800	–	–	97,528	–	–	–	<b>914,328</b>	1.980	1.769
26th June to 23rd July 2009	834,000	2,395,800	–	355,988	–	(337,952)	–	<b>3,247,836</b>	4.550	4.065
19th November to 16th December 2009	–	3,470,000	–	–	–	–	–	<b>3,470,000</b>	–	3.068
Total	27,895,900	5,865,800	(697,400)	3,459,203	(243,066)	(712,952)	391,792	<b>35,959,277</b>		

# OTHER INFORMATION

## SHARE OPTION SCHEME (continued)

(B) Movement of share options granted to employees was as follows (continued):

Notes:

1. The share options are exercisable within five years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary years, except otherwise specified in notes 2, 3 and 4.
2. The share options are exercisable within three years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is about 33% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary years.
3. The share options are exercisable within two years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 50% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary year.
4. The share options are exercisable within four years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 25% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary years.
5. The closing prices per share immediately before 26th June 2009 and 19th November 2009, the dates of offer to grant, were HK\$4.390 and HK\$3.050, respectively.
6. The weighted average closing price of the shares immediately before the date on which share options were exercised (both before and after the date of adjustment) under the 2002 Share Option Scheme was HK\$3.393.
7. Adjustments were made to the exercise prices and the number of outstanding share options in accordance with the 2002 Share Option Scheme on 17th November 2009 as a result of the rights issue as announced by the Company on 9th October 2009 which became unconditional on 16th November 2009.
8. As disclosed under the section headed "Directors' interests in securities", the interests of a former director of the Company in the share options were re-classified as employee's interests on 1st December 2009.

The fair values of the share options granted during the period with exercise prices per share of HK\$4.550 (adjusted to HK\$4.065) and HK\$3.068 are estimated at HK\$1.9 and HK\$1.2, respectively using the Binomial pricing model. Values are estimated based on the risk-free rate ranging from 1.54% to 2.10% per annum with reference to the rate prevailing on the Exchange Fund Notes, a one-year period historical volatility of 56%, assuming dividend yield of 1.5% and an expected option life of 5 years.

The Binomial pricing model required input of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

## CONTINUING OBLIGATIONS UNDER CHAPTER 13 OF THE LISTING RULES

### (A) Advances and guarantees to entities

In accordance with the requirements under rule 13.20 of the Listing Rules, the directors of the Company reported that none of the entities of which the Group made advances and guarantees individually exceeded 8% of the Company's total asset value as at 31st December 2009.

### (B) Financial assistance and guarantees to affiliated companies

As at 31st December 2009, the Group had made loans and advances totalling HK\$5,790,195,000 to affiliated companies, guaranteed bank loans and other borrowing facilities for the benefit of affiliated companies in the amount of HK\$2,671,229,000. These amounts in aggregate exceed 8% of the Company's total asset value as at 31st December 2009. In accordance with the requirement under rule 13.22 of the Listing Rules, a proforma combined balance sheet of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31st December 2009 are presented below:

	<b>Proforma combined balance sheet</b>	<b>Group's attributable interests</b>
	HK\$'000	HK\$'000
Non-current assets	19,513,460	12,183,079
Current assets	10,556,525	7,448,530
Current liabilities	(4,742,525)	(2,917,874)
Non-current liabilities	(7,089,376)	(4,288,015)
Shareholders' loans and advances	(5,818,718)	(5,790,195)
	<u>12,419,366</u>	<u>6,635,525</u>

### (C) Banking facilities with covenants relating to specific performance of the controlling shareholder

In accordance with the requirements under rule 13.21 of the Listing Rules, the directors of the Company reported below details of loan facilities, which exist at any time during the period and include conditions relating to specific performance of the controlling shareholder of the Company.

On 12th June 2006 and 13th June 2006, the Company was granted a 4-year term loan facility of up to HK\$800,000,000 and a 3-year term loan facility of up to HK\$300,000,000, respectively to finance the general corporate funding requirement of the Company and its subsidiaries, including refinancing the Company's existing loans. The 3-year term loan facility of HK\$300,000,000 had been extended for further 3 years up to 12th June 2012.

# OTHER INFORMATION

## CONTINUING OBLIGATIONS UNDER CHAPTER 13 OF THE LISTING RULES *(continued)*

### (C) Banking facilities with covenants relating to specific performance of the controlling shareholder *(continued)*

On 30th October 2007 and 28th December 2007, New World China Finance (BVI) Limited ("NWCF") and Superb Wealthy Group Limited ("Superb Wealthy"), wholly-owned subsidiaries, were granted 5-year term/revolving loan facilities of HK\$2,700,000,000 and HK\$700,000,000, respectively. On 30th September 2008 and 16th October 2008, Superb Wealthy was granted loan facilities of HK\$700,000,000 and HK\$400,000,000, respectively for 3 years. It was further granted a loan facility of HK\$250,000,000 for a term of 4 years and another loan facility of HK\$150,000,000 for a term of 2 years on 29th October 2009 and 6th November 2009, respectively. New World Development (China) Limited ("NWDC"), a wholly-owned subsidiary, was also granted a 3-year term loan facility of HK\$250,000,000 on 31st December 2009. The facilities obtained by NWCF, Superb Wealthy and NWDC will be utilised to finance the investment in property projects, repay borrowings and fund the general working capital requirement of the Company and its subsidiaries.

Upon the granting of the above loan facilities, the Company undertook to the lenders that New World Development Company Limited would retain an interest of at least 51% in the issued share capital of the Company, or would maintain 51% of the voting rights attached to the issued share capital of the Company throughout the terms of the facilities. Failure to perform the undertaking will constitute an event of default. If the event of default continues and has not been waived by the lenders, the outstanding liability under the loan facilities will become immediately due and payable and the loan facilities will be terminated.

## UPDATE ON DIRECTORS' INFORMATION

On 8th January 2010, Miss Cheng Chi-man, Sonia and Mr. Cheng Chi-him, Conrad were appointed as Executive Directors of the Company.

Pursuant to rule 13.51B(1) of the Listing Rules, the changes in information of the directors of the Company since the date of the 2009 Annual Report are set out below:

1. Mr. Doo Wai-hoi, William, Mr. Leung Chi-kin, Stewart and Mr. Chow Kwai-cheung were re-designated as Non-Executive Directors of the Company on 8th January 2010.
2. Dr. Cheng Kar-shun, Henry resigned as the chairman and an executive director of Taifook Securities Group Limited, a listed public company in Hong Kong, on 13th January 2010. He is the father of Miss Cheng Chi-man, Sonia and the uncle of Mr. Cheng Chi-him, Conrad.
3. Mr. Doo Wai-hoi, William resigned as the deputy chairman and an executive director of Taifook Securities Group Limited, a listed public company in Hong Kong, on 13th January 2010. He is the uncle of Miss Cheng Chi-man, Sonia and Mr. Cheng Chi-him, Conrad.
4. Mr. Cheng Kar-shing, Peter is the father of Mr. Cheng Chi-him, Conrad and the uncle of Miss Cheng Chi-man, Sonia.
5. Mr. Cheng Chi-kong, Adrian is the brother of Miss Cheng Chi-man, Sonia and the cousin of Mr. Cheng Chi-him, Conrad.

6. Mr. Lee Luen-wai, John was appointed as the Chairman of the Hospital Authority Provident Fund Scheme and resigned as the Chairman of the Main Tender Board of the Hospital Authority.
7. Mr. Cheng Wai-chee, Christopher resigned as an independent non-executive director of PICC Property and Casualty Company Limited, a listed public company in Hong Kong, on 23rd October 2009. The term of his membership in the Council of the University of Hong Kong and his directorship in the Securities and Futures Commission expired on 6th November 2009 and 14th November 2009, respectively.

## INTERIM DIVIDEND

The directors have not declared interim dividend for the six months ended 31st December 2009 (2008: Nil).

## AUDIT COMMITTEE

Audit committee was established in accordance with requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee consists of three independent non-executive directors of the Company. The audit committee has reviewed the unaudited interim financial statements for the six months ended 31st December 2009 and discussed the financial related matters with management and external auditors. At the request of directors, the Group's external auditors have carried out a review of the interim financial statements in accordance with Hong Kong Standard on Review Engagements 2410 issued by HKICPA.

## CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code of Corporate Governance Practices contained in Appendix 14 to the Listing Rules during the six months ended 31st December 2009, except for the following deviation:

### Code provision A.2.1

The code provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Dr. Cheng Kar-shun, Henry acts as the Chairman and Managing Director of the Company. He is responsible for effective running of the board and formulating business strategies. He also provides leadership for effective running of the Company's business and implementing the policies devised by the board. The board believes that Dr. Cheng Kar-shun, Henry, in his dual capacity as the Chairman and Managing Director of the Company, will provide strong and consistent leadership for the development of the Group.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has confirmed with the directors that they have complied with the standard set out in the Model Code during the period under review.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Dr. Cheng Kar-shun, Henry  
*(Chairman and Managing Director)*  
Mr. Cheng Kar-shing, Peter  
Mr. Cheng Chi-kong, Adrian  
Miss Cheng Chi-man, Sonia  
Mr. Cheng Chi-him, Conrad  
Mr. Chow Yu-chun, Alexander  
Mr. Fong Shing-kwong, Michael  
Ms. Ngan Man-ying, Lynda

### Non-Executive Directors

Mr. Doo Wai-hoi, William *(Vice-chairman)*  
Mr. Leung Chi-kin, Stewart  
Mr. Chow Kwai-cheung

### Independent Non-Executive Directors

Mr. Cheng Wai-chee, Christopher  
Mr. Tien Pei-chun, James  
Mr. Lee Luen-wai, John

## COMPANY SECRETARY

Ms. Ngan Man-ying, Lynda

## AUDITOR

PricewaterhouseCoopers

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Bank of Communications Co., Ltd.  
The Bank of East Asia, Limited  
China Merchant Bank Co., Limited  
CITIC Ka Wah Bank Limited  
Hang Seng Bank Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Sumitomo Mitsui Banking Corporation  
Industrial and Commercial Bank of China (Asia) Limited

## WEBSITE

[www.nwcl.com.hk](http://www.nwcl.com.hk)

## REGISTERED OFFICE

P.O. Box 309  
Ugland House  
Grand Cayman KY1-1104  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

9/F., New World Tower 1  
18 Queen's Road Central  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 609  
Grand Cayman KY1-1107  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited  
26/F., Tesbury Centre  
28 Queen's Road East  
Hong Kong

## STOCK CODE

Hong Kong Stock Exchange 00917

## INVESTOR INFORMATION

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