New World China Land Limited
新世界中國地產有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 00917)

INTERIM RESULTS ANNOUNCEMENT 2009/2010

RESULTS

The board of directors of New World China Land Limited ("the Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries ("the Group") for the six months ended 31st December 2009:

Condensed Consolidated Income Statement

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

Condensed Consolidated Statement of Comprehensive Income

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

Condensed Consolidated Balance Sheet

As at 31st December 2009

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

Condensed Consolidated Balance Sheet (Continued)

As at 31st December 2009

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

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 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.

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:

	HKAS 40 Amendments HK$'000	HKAS 32 Amendment HK$'000	Total HK$'000
Increase/(decrease) in			
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)
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:

	HKAS 40 Amendments HK$'000	HKAS 32 Amendment HK$'000	Total HK$'000
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.

2 Revenues and segment information

The Group is principally engaged in investment in and development of property projects in the People's Republic of China (the "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.

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

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.

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

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
	1,254,825	462,943	191,664	52,847	14,075	1,976,354
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
	372,805	243,359	(31,747)	1,556	(6,844)	579,129
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						351,446
Total assets						54,391,649
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 payable						282,681
Borrowings						17,088,014
Deferred tax liabilities						799,773
Total liabilities						22,354,767

Reconciliations of revenues and profit before taxation:

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

3 Other income

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

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

4 Other gains, net

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

5 Operating profit before finance costs

	6 months ended 31st December	
	2009	2008
	HK$'000	HK$'000
Operating profit before finance costs is arrived at after charging:		
Cost of properties sold	**2,110,362**	363,837
Depreciation of property, plant and equipment	**103,375**	76,526
Amortisation of land use rights	**9,454**	4,661

6 Taxation charge

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

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:

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

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

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

10 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:

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

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 sale secured during the period under review was boosted to 813,434 sq.m. gross floor area ("GFA") with gross sales proceed 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 condensed 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 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 sale 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 value 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.

Analysis of Attributable operating profit ("AOP")

	6 months ended 31st December	
	2009	2008
	HK$'000	HK$'000
Property sales	**393,200**	372,805
Rental operation	**231,841**	243,359
Hotel operation	**(56,755)**	(31,747)
Property management services	**(7,319)**	1,556
Other operations	**(14,841)**	(6,844)
AOP before finance costs and taxation charge	**546,126**	579,129
Gain on previously held equity interests as jointly controlled entities	**513,248**	–
Excess of fair value of net assets acquired over cost of acquisition of interest in subsidiaries	**483,610**	50,940
Changes in fair value of investment properties, net of deferred taxation	**61,466**	(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	**1,753**	16,658
Loss on disposal of non-current asset held for sale	**(15,364)**	–
Impairment of goodwill	**(51,860)**	–
Finance costs – project loans	**(126,620)**	(117,380)
Income tax and land appreciation tax	**(320,230)**	(64,311)
AOP	**1,092,129**	539,578
Bank and other interest income - corporate	**2,092**	9,244
Net foreign exchange losses	**(1,521)**	(12,561)
Corporate administrative expenses	**(90,424)**	(85,780)
Finance costs – corporate loans	**(48,405)**	(72,037)
Deferred tax on undistributed profits	**(13,538)**	(4,279)
Profit attributable to equity holders of the Company	**940,333**	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 gross floor area ("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's recorded a 2.5 times surge in gross floor area sold in first half of FY2010 to 524,730 sq.m., generating gross sale proceeds of over HK$3,530 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.

Development property projects completed in 1H FY2010	**Usage**	**Total GFA (sq. m.)**	**NWCL's interest**
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%
Total		**310,887**	

R: Residential
C: Commercial
P: Carpark

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 Centres and reduced in rentable area of service apartment and office space at Beijing New World Centres 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 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.

Investment properties completed in 1H FY2010	Usage	Total GFA (sq. m.)	NWCL's interest
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%
Total		**60,635**	

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.

Hotel portfolio	Number of rooms
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
Penta Hotel 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
Total	**2,548**

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.

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

	As at 31st December 2009 HK$'million	As at 30th June 2009 HK$'million
Repayable:		
Within one year	**6,530**	5,971
Between one and two years	**3,676**	2,544
Between two and five years	**6,854**	7,502
Over five years	**1,351**	–
Total	**18,411**	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.

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.

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 the 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 the Hong Kong Institute of Certified Public Accountants.

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, can 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.

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 RMB 1 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.

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.

OUTLOOK

2010 is a different year 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, 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 realization of the Group's development assets. Furthermore, we will continue our selective expansion of our solid income base from rentals.

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

Properties to be completed in 2H FY2010	**Usage**	**Total GFA (sq.m.)**	**NWCL's interest**
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%
Total		**448,188**	

Dr. Cheng Kar-shun, Henry
Chairman and Managing Director

Hong Kong, 17th March 2010

As at the date of this announcement, the board of directors of the Company comprises: (1) eight executive directors, namely Dr. Cheng Kar-shun, Henry, 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 and Ms. Ngan Man-ying, Lynda; (2) three non-executive directors, namely Mr. Doo Wai-hoi, William, Mr. Leung Chi-kin, Stewart and Mr. Chow Kwai-cheung and (3) three independent non-executive directors, namely Mr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John.