



New World China Land Limited

(Stock Code: 00917)

2010/2011
INTERIM REPORT

樂商

新世界

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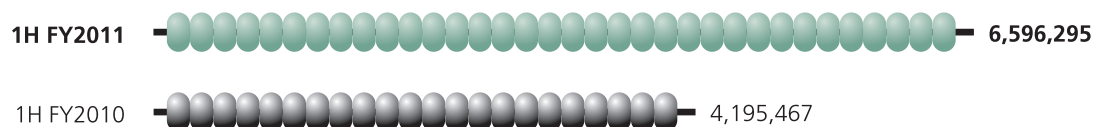
Financial Highlights

Operating Result (HK\$'000)	6 months ended 31st December	
	2010	2009
Revenues		
Company and subsidiaries	5,927,806	2,948,926
Share of associated companies and jointly controlled entities (note 1)	668,489	1,246,541
	6,596,295	4,195,467
Representing:		
Sale of properties	5,795,790	3,462,032
Rental income	428,026	441,070
Income from hotel operation	273,791	220,331
Property management services fee income	88,112	72,034
Hotel management services fee income	10,576	—
	6,596,295	4,195,467
Gross profit		
Company and subsidiaries	2,099,408	582,223
Share of associated companies and jointly controlled entities (note 2)	286,857	421,177
	2,386,265	1,003,400
Profit attributable to equity holders of the Company	1,508,400	940,333
Earnings per share (HK cents)		
Basic	26.20	20.27
Diluted	26.06	19.25
Interim dividend per share (HK cents)	3.00	—
	As at	As at
	31st December	30th June
	2010	2010
Financial Position (HK\$ million)		
Cash and bank balances	7,473.8	7,975.9
Total assets	72,827.6	68,983.3
Total liabilities	31,876.2	29,579.0
Capital and reserves attributable to the Company's equity holders	39,105.0	37,690.1
Financial ratios		
Current ratio (times)	2.44	2.95
Net debt to equity ratio	29.5%	26.5%

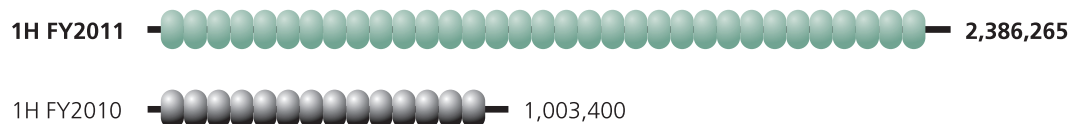
Note 1: It represents attributable share of revenues of associated companies and jointly controlled entities to the Group.

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

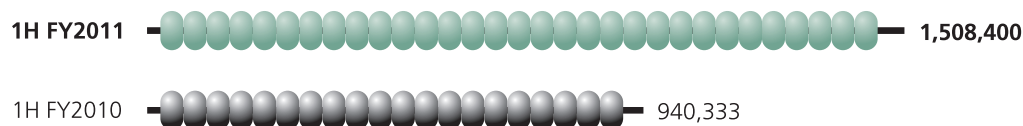
REVENUES (note 1)
(HK\$'000)



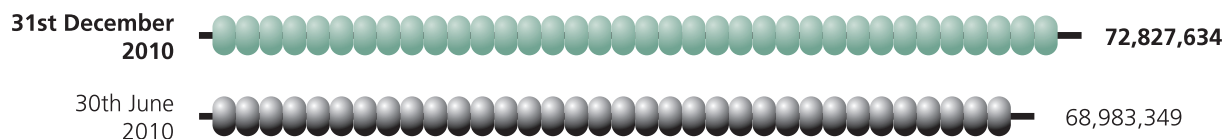
GROSS PROFIT (note 2)
(HK\$'000)



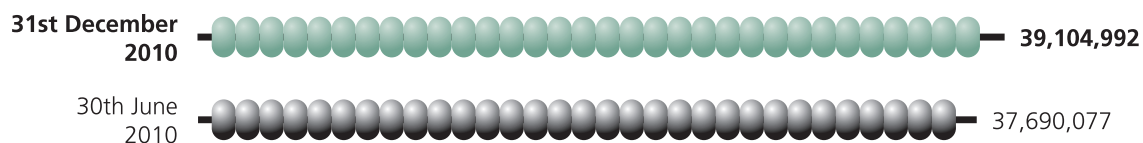
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
(HK\$'000)



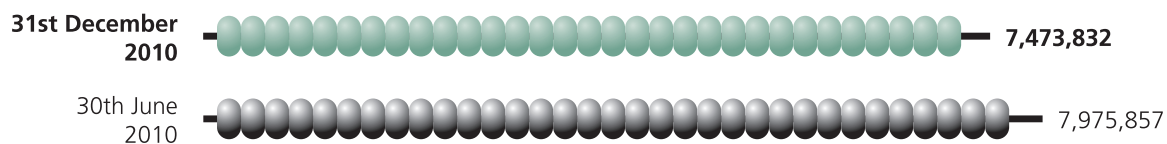
TOTAL ASSETS
(HK\$'000)



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 Shareholders,

According to the National Bureau of Statistics of China, in 2010, China's GDP reached RMB39.8 trillion, grew 10.3% over previous year. Disposable income per capita of urban residents was RMB19,109, up 11.3%. The total export amounted to US\$1.6 trillion, increase 31.3% year-on-year. The sales volume and total investment in commercial residential properties recorded an increase of 8.0% and 14.4% respectively. All these figures depicted a fast pace of growth in overall economy. Simultaneously, the pressure of inflation has also been intensified. In order to avoid imbalance of economy, The People's Bank of China has already raised the capital adequacy ratio and interest rate repeatedly. The gradual absorption of extra liquidity is targeted to ensure the steady growth of economy.

A number of austerity measures on the property market have been rolled out by the Central Government since April 2010 for curbing speculation and thus stabilising property prices and market development. Adjustment in transaction volumes and prices has been observed in many major cities following the launch of such policies. However, such policies may not be fully effective in view of the difference in pace of market development among different cities and the optimistic attitude held by both supply and demand sides as regards to market trend. It is expected by the market that the Central Government will further fine-tune those austerity measures in order to consolidate and enhance the positive results of austerity and effectively manage inflation. It is expected that adjustment in policies will continue in due regard to the situation of the local and the global economic development, with a view to ensuring stable development of the market.

In 1H FY2011, NWCL recorded a net profit of HK\$1,508.4 million, representing a 60.4% year-on-year increase. Sales volume reached 627,835 sq. m., a 20% year-on-year increase with gross sale proceeds up 49% to approximately RMB5.27 billion. The continuous improvement in overall gross profit margin had also achieved in 1H FY2011, with 15 percentage points growth year-on-year to 37%.

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.

Dr. Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 28th February 2011

Management Discussion and Analysis

BUSINESS REVIEW

In 2010, the China property market continued to expand with its economic growth since the market rebound in the second quarter of 2009. The soaring property prices and transaction volumes led the Central Government to launch a series of property tightening measures in April 2010 in an effort to contain property prices and second round of tightening measures were launched when the property market revived again in September 2010. Faced with the pressure of market tightening policies, the Group's secured contracted sales volume dropped by 37% to 514,292 sq. m. gross floor area ("GFA") during the period under review compared to contracted sales secured in the corresponding period last year. Nevertheless, gross sales proceeds of contracted sales during the period increased by 12% to RMB6.20 billion despite the drop in GFA sold reflected the overall market price surge predominately in first-tier cities such as Beijing, Shenyang and Guangzhou. Included in the contracted sales secured during the period, approximately 317,000 sq. m. with gross sales proceeds of approximately RMB4.26 billion are for those projects scheduled to be completed within the next 18 months and their corresponding sales revenues shall be recorded in the consolidated income statement of the second half of FY2011 and FY2012 respectively.

During the period under review, the Group recorded a net profit of HK\$1.51 billion which represents a year-on-year increase of 60% from a net profit of HK\$0.94 billion achieved in the first half of FY2010. The leading factors contributing to the significant increase in net profit were the improvement in operating results from sale of properties and hotel operation as well as recognition of exchange gains resulted from appreciation of Renminbi by approximately 2% during the period under review. The Group's attributable operating profit ("AOP") before finance costs and taxation charge during the first half of FY2011 recorded a substantial increase of 285% to HK\$1.98 billion from HK\$0.52 billion recorded same period last year which was mainly attributable to great performance in property sales operation as a result of 20% increase in recorded property sales volume with the increase in project completion, and improvement in overall gross profit margin by 15 percentage points.

Analysis of Attributable operating profit ("AOP")

	6 months ended 31st December	
	2010 HK\$'000	2009 HK\$'000
Property sales operation	1,815,341	362,636
Rental operation	213,820	231,841
Hotel operation	(20,590)	(56,755)
Property management services	(7,541)	(7,319)
Hotel management services	(19,875)	(15,214)
Other operations	3,045	373
AOP before finance costs and taxation charge	1,984,200	515,562
Changes in fair value of investment properties, net of deferred taxation	124,930	61,466
Gain on repurchase of convertible bonds	1,268	—
Gain on remeasuring previously held interests of jointly controlled entities at fair value upon further acquisition as subsidiaries	—	513,248
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	—	483,610
Loss on disposal of non-current assets held for sale	—	(15,364)
Impairment of goodwill	—	(51,860)
Finance costs — project loans	(93,090)	(96,056)
Corporate income tax and land appreciation tax, net of tax indemnity	(601,649)	(318,477)
AOP	1,415,659	1,092,129
Net foreign exchange gains/(losses)	237,345	(1,521)
Bank and other interest income — corporate	3,827	2,092
Finance costs — corporate loans	(23,055)	(48,405)
Deferred tax on undistributed profits	(27,012)	(13,538)
Corporate administrative expenses	(98,364)	(90,424)
Profit attributable to equity holders of the Company	1,508,400	940,333

Management Discussion and Analysis

Property sales

During the period under review, the Group's AOP from property sales operation rose 400% from an AOP of HK\$362.64 million achieved in the first half of FY2010 to HK\$1,815.34 million. The significant increase in AOP from property sales was mainly attributable to increase in both recorded sales volume, largely from sales of Shenyang New World Garden and Guangzhou New World Oriental Garden, and continuous improvement in overall gross profit margin comparing to the same period last year. During the period under review, the Group's recorded property sales volume reached 627,835 sq. m., a 20% year-on-year increase with gross sale proceeds increased by 49% to approximately RMB5.27 billion. The AOP from property sales in the first half of FY2011 have not been much affected by the property tightening measures rolled out during the period under review as over 60% of the property sales revenue were secured after the market rebound in the second quarter of 2009 and before April 2010 when the property market was heated with domestic and foreign demands. Furthermore, the market revival in September 2010 after four months of slow activity boosted the Group's recorded property sales further in the fourth quarter of 2010. The Group's overall gross profit margin had increased by 15% from gross profit margin of 22% achieved in the first half of FY2010 to 37% in the first half of FY2011.

In the first half of FY2011, the Group has completed five property development projects in Shenyang, Shanghai, Guangzhou and Guiyang with a total GFA of 754,970 sq. m., representing a 143% increase year-on-year.

Development property projects completed in 1H FY2011	Usage	Total GFA (sq. m.)	NWCL's interest
Shenyang New World Garden Phase II A (瀋陽新世界花園二期A)	R, C, O	467,846	90%
Shanghai Zhongshan Square (上海中山廣場)	C, O, P	142,074	100%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	R	57,337	100%
Guangzhou Park Paradise Phase II E (廣州嶺南新世界二期E)	R	33,819	100%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, C	53,894	50%
Total		754,970	

R: Residential
C: Commercial
O: Office
P: Carpark

In the second half of FY2011, the Group plans to complete six projects with a total GFA of 610,297 sq. m..

Properties to be completed in 2H FY2011	Usage	Total GFA (sq. m.)	NWCL's interest
Anshan New World Garden Phase I A (鞍山新世界花園一期A)	R, C	111,155	100%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C	148,330	60%
Chengdu New World Riverside Phase I (成都河畔新世界一期)	R	141,547	30%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, C	94,755	50%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R, C	86,191	100%
Guangzhou Xintang New World Garden Phase V (廣州新塘新世界花園五期)	R	28,319	63%
Total		610,297	

Rental operation

In the first half of FY2011, the Group's rental operation recorded an AOP of HK\$213.82 million, an 8% decrease compared to the first half of FY2010. The decrease in AOP from rental operation was mainly due to reduction of turnover rent rate upon renewal of tenancy at Beijing New World Centre shopping mall and decrease in rentable area of service apartment and office space at Beijing New World Centre upon sales. The pre-matured operating results of Wuhan K11 Gourmet Tower and Beijing Baoding Tower shopping mall also led to the decrease in AOP from rental operation of the period under review.

Hotel operation

During the period under review, the AOP from hotel operation recorded at a loss of HK\$20.59 million as opposed to a loss of HK\$56.76 million recorded in the corresponding period last year. The continuing improvement in operating results from hotel operation was attributable to the continuing growth in hotel performance and gross operating profit of the Group's hotels.

The Group's hotel portfolio currently comprises seven hotels with 2,547 rooms.

Hotel portfolio	Number of rooms
pentahotel Beijing (北京貝爾特酒店) (formerly known as Courtyard by Marriot Beijing)	299
New World Mayfair Hotel Shanghai (上海巴黎春天新世界酒店)	605
pentahotel Shanghai (上海貝爾特酒店)	259
New World Hotel Shenyang (瀋陽新世界酒店)	258
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	2,547

Hotel management services

During the period under review, the AOP from hotel management services recorded at a loss of HK\$19.88 million as opposed to a loss of HK\$15.21 million in the corresponding period last year. The continuous growth in gross hotel management fee had mitigated the effect of increase in operating costs.

Management Discussion and Analysis

LIQUIDITY AND CAPITAL RESOURCES

As at 31st December 2010, the Group's cash and bank deposits amounted to HK\$7,474 million (30th June 2010: HK\$7,976 million).

The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK\$12,064 million (30th June 2010: HK\$10,435 million), translating into a gearing ratio of 29% (30th June 2010: 26%). 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 2010 totalled HK\$17,751 million (30th June 2010: HK\$16,672 million) of which 25% were secured by way of charges over assets and 75% 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 2010 HK\$'million	As at 30th June 2010 HK\$'million
Repayable:		
Within one year	4,962	2,335
Between one and two years	6,596	7,430
Between two and five years	4,121	4,927
Over five years	2,072	1,980
Total	17,751	16,672

As at 31st December 2010, the Group's committed unutilised bank loan facilities amounted to HK\$4,422 million (30th June 2010: HK\$4,548 million).

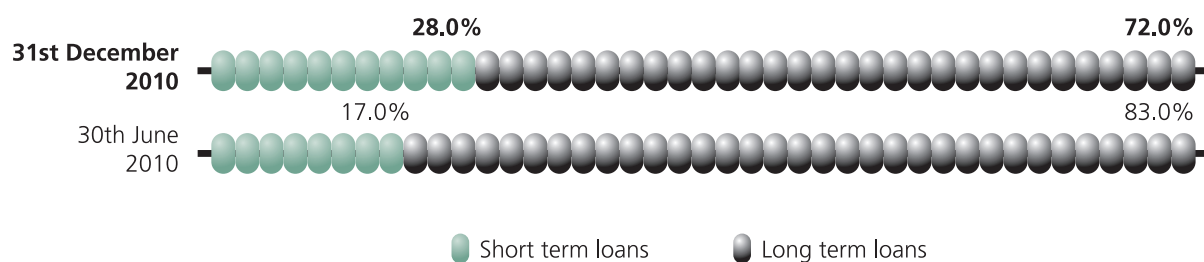
Capital expenditure commitments

The capital expenditure commitments of the Group as at 31st December 2010 were HK\$467,014,000 (30th June 2010: HK\$475,064,000) of which HK\$359,014,000 (30th June 2010: HK\$367,064,000) were contracted but not provided for in the financial statements and HK\$108,000,000 (30th June 2010: HK\$108,000,000) were authorised but not contracted for. The Group's share of capital expenditure commitments of a jointly controlled entity amounted to HK\$5,461,000 (30th June 2010: HK\$12,843,000). The sources of funding for capital commitments are internally generated resources and bank loan facilities.

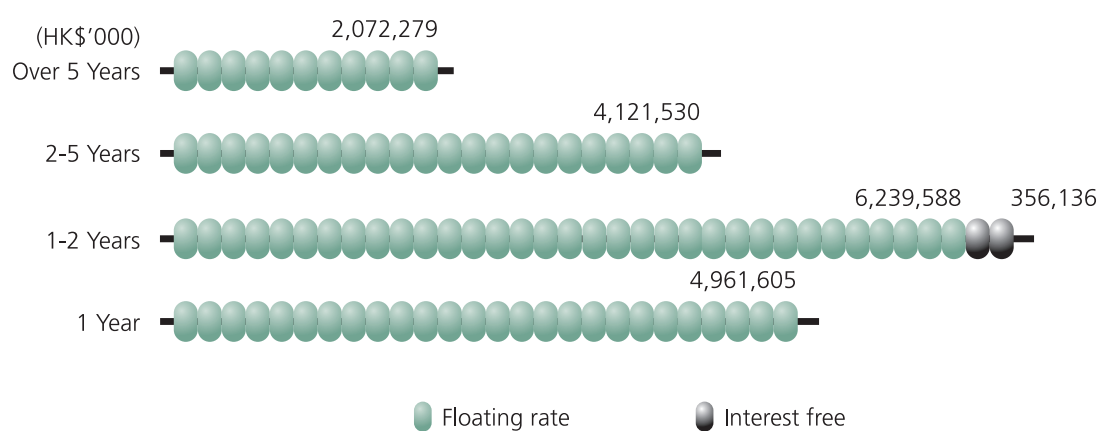
Foreign currency exposure

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.

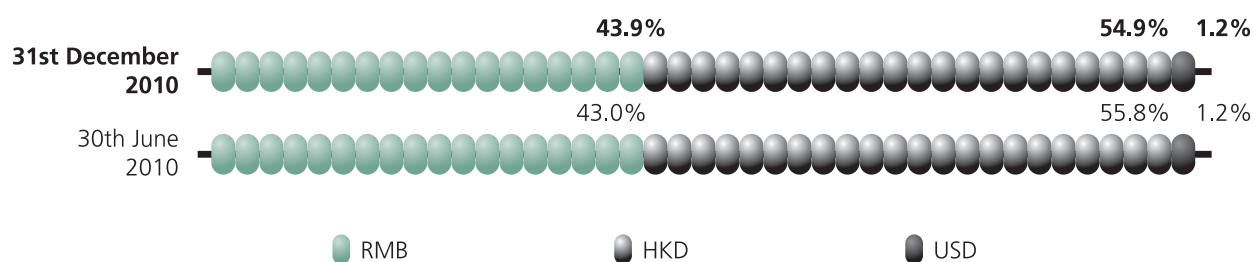
SOURCE OF BORROWINGS



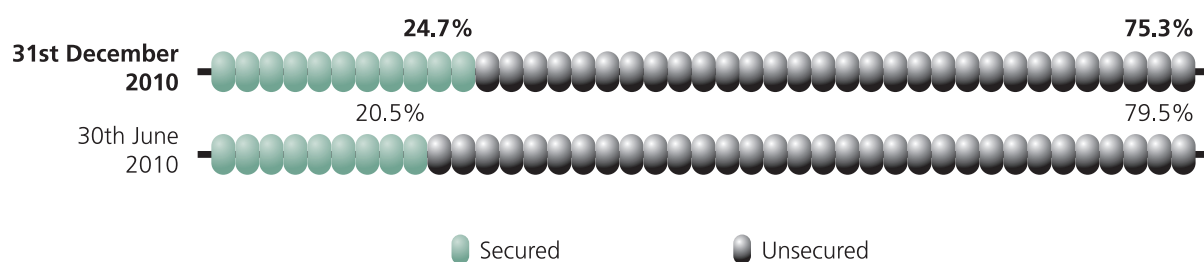
INTEREST RATE AND MATURITY PROFILE



CURRENCY PROFILE OF BORROWINGS



NATURE OF DEBT



Management Discussion and Analysis

CONTINGENT LIABILITIES

As at 31st December 2010, the Group has contingent liabilities of approximately HK\$2,202,826,000 (30th June 2010: HK\$2,340,179,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain jointly controlled entities.

As at 31st December 2010, 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\$1,686,920,000 (30th June 2010: HK\$1,654,666,000).

DETAILS OF CHARGES ON GROUP'S ASSETS

As at 31st December 2010, 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\$454,679,000 (30th June 2010: HK\$461,243,000), HK\$4,325,764,000 (30th June 2010: HK\$3,475,598,000), HK\$234,242,000 (30th June 2010: HK\$231,909,000), HK\$701,827,000 (30th June 2010: HK\$732,443,000), HK\$1,461,344,000 (30th June 2010: HK\$4,217,853,000), HK\$2,523,680,000 (30th June 2010: Nil) and HK\$9,972,000 (30th June 2010: HK\$10,471,000) respectively have been pledged as securities for short term and long term bank borrowings.

MAJOR ACQUISITION OR DISPOSAL

During the period under review, there was no major acquisition or disposal undertaken by the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 31st December 2010, the Group has 5,317 full-time employees. Total staff related costs incurred during the period under review were HK\$173 million (2009: HK\$131 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.

OUTLOOK

For the domestic property market, urban redevelopment projects have created strong ample demand for housing in second and third tier cities, where property prices are at a healthy level on the whole and which we consider to have more potential. The Group pioneered geographic diversification to enter cities such as Changsha, Chengdu and Guiyang, in several big moves back in FY2006, spreading out the Group's presence across cities of various tiers in Mainland China. These new projects were first launched in 2009 and have contributed increasing profit since then.

For first-tier cities, the austerity policies play the role of adjustment in leading the property market back to a more rational position and responding to the vast demand for self-occupied housing units from the market. Some products with practical layout design and catering to the needs of the market have created good room for development under the influence of the policies. In parallel to the development of high-end projects, the Group will continue to adhere to the notion of diversified property development and continue to launch quality products suiting the general public. By such dual development, we will be able to satisfy the requirements of home purchasers in terms of area and functionality.

Financially sound with sufficient credit facilities, the Group will be able to grasp market opportunities and respond to the challenge of the ever-changing market. Generally speaking, the Group will closely monitor market development and adjust its plans and implementation in a timely manner and develop products that sell well, in order to maximise the benefit of our stakeholders.

On behalf of the Board

Dr. Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 28th February 2011

Condensed Consolidated Income Statement

For the six months ended 31st December 2010

	Note	Unaudited 6 months ended 31st December	
		2010 HK\$'000	2009 HK\$'000
Revenues	2	5,927,806	2,948,926
Cost of sales		(3,828,398)	(2,366,703)
Gross profit		2,099,408	582,223
Other income	3	324,848	89,787
Other gains, net	4	248,816	923,407
Changes in fair value of investment properties		255,210	16,573
Selling expenses		(114,419)	(103,662)
Administrative expenses		(49,580)	(38,796)
Other operating expenses		(416,981)	(351,111)
Operating profit before finance costs	5	2,347,302	1,118,421
Finance costs		(102,107)	(123,551)
Share of results of			
Associated companies		17,641	4,211
Jointly controlled entities		71,059	191,486
Profit before taxation		2,333,895	1,190,567
Taxation charge	6	(771,935)	(192,600)
Profit for the period		1,561,960	997,967
Attributable to:			
Equity holders of the Company		1,508,400	940,333
Non-controlling interests		53,560	57,634
		1,561,960	997,967
Interim dividend	7	172,847	—
Interim dividend per share	7	3.00 cents	—
Earnings per share	8		
Basic		26.20 cents	20.27 cents
Diluted		26.06 cents	19.25 cents

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31st December 2010

	Unaudited	
	6 months ended 31st December	
	2010	2009
	HK\$'000	HK\$'000
Profit for the period	1,561,960	997,967
Other comprehensive income:		
Changes in fair value of available-for-sale financial assets	(36,772)	21,791
Translation differences	342,331	(17,813)
Other comprehensive income for the period	305,559	3,978
Total comprehensive income for the period	1,867,519	1,001,945
Total comprehensive income attributable to:		
Equity holders of the Company	1,810,840	947,201
Non-controlling interests	56,679	54,744
	1,867,519	1,001,945

Condensed Consolidated Statement of Financial Position

As at 31st December 2010

	Note	Unaudited As at 31st December 2010 HK\$'000	Audited As at 30th June 2010 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	1,674,047	1,641,140
Investment properties	9	13,501,791	12,409,018
Land use rights	9	610,924	604,530
Goodwill		23,394	23,394
Properties held for development		11,091,516	10,610,021
Associated companies		413,897	400,705
Jointly controlled entities		9,000,981	9,905,121
Available-for-sale financial assets		185,223	221,996
Cash and bank balances, restricted		9,302	9,091
		36,511,075	35,825,016
Current assets			
Properties under development		11,338,325	12,198,336
Completed properties held for sale		4,745,141	1,831,516
Hotel inventories, at cost		4,508	2,960
Prepayments, debtors and other receivables	10	12,540,709	10,667,110
Amounts due from related companies		223,346	491,645
Cash and bank balances, restricted		670	1,380
Cash and bank balances, unrestricted		7,463,860	7,965,386
		36,316,559	33,158,333
Total assets		72,827,634	68,983,349
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	11	575,928	575,725
Reserves		38,356,217	36,711,315
Interim dividend		172,847	—
Proposed final dividend		—	403,037
		39,104,992	37,690,077
Non-controlling interests		1,846,437	1,714,322
Total equity		40,951,429	39,404,399

	Note	Unaudited As at 31st December 2010 HK\$'000	Audited As at 30th June 2010 HK\$'000
LIABILITIES			
Non-current liabilities			
Long term borrowings	12	14,576,273	16,076,473
Deferred tax liabilities		2,390,809	2,266,299
		16,967,082	18,342,772
Current liabilities			
Creditors and accruals	13	3,672,477	2,335,104
Deposits received on sale of properties		3,888,431	4,629,965
Amounts due to related companies		1,046,497	934,969
Short term loans		360,683	354,773
Current portion of long term borrowings	12	4,600,922	1,979,853
Amounts due to non-controlling interests	14	100,354	99,626
Taxes payable		1,239,759	901,888
		14,909,123	11,236,178
Total liabilities		31,876,205	29,578,950
Total equity and liabilities		72,827,634	68,983,349
Net current assets		21,407,436	21,922,155
Total assets less current liabilities		57,918,511	57,747,171

Condensed Consolidated Cash Flow Statement

For the six months ended 31st December 2010

	Unaudited	
	6 months ended 31st December	
	2010	2009
	HK\$'000	HK\$'000
Net cash used in operating activities	(1,422,042)	(1,592,595)
Net cash from investing activities	550,394	1,800,082
Net cash from financing activities	327,952	6,280,231
Net (decrease)/increase in cash and cash equivalents	(543,696)	6,487,718
Cash and cash equivalents at beginning of the period	7,965,386	3,642,416
Exchange differences on cash and cash equivalents	42,170	(24,938)
Cash and cash equivalents at end of the period	7,463,860	10,105,196

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31st December 2010

	Attributable to equity holders of the Company			Non- controlling interests	Total equity
	Share capital	Reserves	Shareholders' funds		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1st July 2009	383,647	30,139,501	30,523,148	1,513,734	32,036,882
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
Transactions with owners					
Contribution by and distribution to owners					
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
Dividend paid	—	(345,350)	(345,350)	—	(345,350)
Total transactions with owners	191,981	4,326,859	4,518,840	123,942	4,642,782
Balance at 31st December 2009	575,628	35,413,561	35,989,189	1,692,420	37,681,609
Balance at 1st July 2010	575,725	37,114,352	37,690,077	1,714,322	39,404,399
Translation differences	—	339,212	339,212	3,119	342,331
Revaluation of available-for-sale financial assets	—	(36,772)	(36,772)	—	(36,772)
Other comprehensive income for the period	—	302,440	302,440	3,119	305,559
Profit for the period	—	1,508,400	1,508,400	53,560	1,561,960
Total comprehensive income for the period	—	1,810,840	1,810,840	56,679	1,867,519
Transactions with owners					
Contribution by and distribution to owners					
Issue of shares	203	2,982	3,185	—	3,185
Capital contribution from non-controlling interests	—	—	—	96,878	96,878
Repurchase of convertible bonds	—	(1,878)	(1,878)	—	(1,878)
Share-based payments	—	6,610	6,610	—	6,610
Dividend paid	—	(403,121)	(403,121)	—	(403,121)
	203	(395,407)	(395,204)	96,878	(298,326)
Change in ownership interests in subsidiaries					
Acquisition of additional interests in a subsidiary	—	(721)	(721)	(21,442)	(22,163)
Total transactions with owners	203	(396,128)	(395,925)	75,436	(320,489)
Balance at 31st December 2010	575,928	38,529,064	39,104,992	1,846,437	40,951,429

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 2010 annual financial statements.

(a) The adoption of new or revised HKFRS

The accounting policies used in the preparation of these interim financial statements are consistent with those set out in the annual report for the year ended 30th June 2010 except for the adoption of the amendments to standards and interpretations, which are further explained below.

The Group has adopted the following amendments to standards and interpretations which are mandatory for the financial year ending 30th June 2011:

HKFRSs Amendments	Improvements to HKFRSs 2009
HKFRS 1 Amendment	Additional Exemptions for First-time Adopters
HKFRS 1 Amendment	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 2 Amendment	Group Cash-settled Share-based Payment Transactions
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments
HK - Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

In addition, the Group has early adopted HKAS 12 Amendment “Deferred Tax: Recovery of Underlying Assets” which is effective for annual periods beginning on or after 1st January 2012.

The effect of the adoption of these amendments and interpretations are detailed below:

HK - Int 5 “Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause” effective on 29th November 2010. The adoption of this interpretation has no significant effect on the financial position of the Group as at 30th June 2010, no retrospective adjustment has been made accordingly. As at 31st December 2010, borrowings of HK\$927,807,000 have been classified as current liabilities under HK - Int 5.

HKAS 12 Amendment introduces a presumption that an investment property measured at fair value is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The early adoption of this amendment has no significant impact on the Group’s results and financial position.

The adoption of other 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 2011 or later periods but which the Group has not early adopted:

Effective for the year ending 30th June 2012 or after

HKFRSs Amendments	Improvements to HKFRSs 2010
HKFRS 1 Amendment	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 Amendment	Disclosures — Transfers of Financial Assets
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 operation and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the financial statements.

(b) Change in accounting estimate

During the six months ended 31st December 2010, a review of useful lives of the furniture, fixtures and equipment and leasehold improvements for the hotel operation was conducted. With effect from 1st July 2010, their estimated useful lives have been revised from 5 years to 8 years. This represents a change in accounting estimates and is accounted for prospectively. As a result of this change, the depreciation charge of the Group, associated companies and jointly controlled entities attributable to the Group for the six months ended 31st December 2010 have been decreased by approximately HK\$14,578,000, HK\$539,000 and HK\$4,522,000 respectively. Such effect is expected to recur over the remaining lives of the relevant assets.

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 (the "PRC"). Revenues comprise turnover which include gross proceeds from sale of properties, revenue from rental and hotel operation, property management services fee income, project management fee income and hotel management services fee income.

	6 months ended 31st December	
	2010	2009
	HK\$'000	HK\$'000
Sale of properties	5,375,140	2,508,670
Rental income	261,800	208,855
Income from hotel operation	217,254	170,867
Property management services fee income	61,176	50,730
Project management fee income	1,860	9,804
Hotel management services fee income	10,576	—
	5,927,806	2,948,926

Notes to the Interim Financial Statements

2. REVENUES AND SEGMENT INFORMATION *(Continued)*

- (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, property management services and hotel management services operations. Other operations include 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.

Sales between segments are carried out in accordance with terms agreed by the parties involved. The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the condensed consolidated income statement.

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

Segment liabilities comprise mainly creditors and accruals, deposits received on sale of properties and amounts due to related 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 condensed consolidated statement of financial position.

The majority of the assets and operations of the Group are located in the PRC. Revenues are mainly derived from the PRC. Non-current assets other than financial instruments are mainly located in the PRC.

6 months ended 31st December 2010	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Hotel management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment revenues							
Company and subsidiaries							
Total revenues	5,377,000	276,638	217,254	110,942	20,803	—	6,002,637
Inter-segment revenues	—	(14,838)	—	(49,766)	(10,227)	—	(74,831)
External revenues	5,377,000	261,800	217,254	61,176	10,576	—	5,927,806
Associated companies —							
attributable to the Group	57,395	10,031	11,404	—	—	—	78,830
Jointly controlled entities —							
attributable to the Group	361,395	156,195	45,133	26,936	—	—	589,659
	5,795,790	428,026	273,791	88,112	10,576	—	6,596,295
Segment bank and other interest							
income	85,911	18,355	193	106	9	28	104,602
Attributable operating profit							
before finance costs and							
taxation charge							
Company and subsidiaries	1,601,672	113,692	(3,831)	(10,516)	(19,875)	176	1,681,318
Associated companies	15,192	4,347	(3,093)	—	—	—	16,446
Jointly controlled entities	198,477	95,781	(13,666)	2,975	—	2,869	286,436
	1,815,341	213,820	(20,590)	(7,541)	(19,875)	3,045	1,984,200
Additions to non-current assets							
other than financial							
instruments	1,825,071	637,064	3,908	917	471	960	2,468,391
Depreciation and amortisation	20,573	8,942	63,919	527	411	818	95,190
Share of results of							
Associated companies	13,778	6,956	(3,093)	—	—	—	17,641
Jointly controlled entities	(8,496)	90,837	(16,596)	2,554	—	2,760	71,059
As at 31st December 2010							
Segment assets	44,389,045	14,244,583	1,923,547	99,143	55,043	23,228	60,734,589
Associated companies and							
jointly controlled entities	1,538,617	7,196,485	634,842	923	1,167	42,844	9,414,878
Available-for-sale financial assets							
Property, plant and equipment at							185,223
corporate office							4,607
Prepayments, debtors, and other							858,012
receivables at corporate office							171,627
Amounts due from related							1,458,698
companies at corporate office							72,827,634
Cash and bank balances at							8,953,154
corporate office							34,997
Total assets							959,367
Segment liabilities	8,180,835	549,170	120,753	49,535	17,428	35,433	19,537,878
Creditors and accruals at							
corporate office							2,390,809
Taxes payable							31,876,205
Borrowings							
Deferred tax liabilities							
Total liabilities							

Notes to the Interim Financial Statements

2. REVENUES AND SEGMENT INFORMATION (Continued)

6 months ended 31st December 2009	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Hotel management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment revenues							
Company and subsidiaries							
Total revenues	2,518,474	209,116	170,867	61,184	—	—	2,959,641
Inter-segment revenues	—	(261)	—	(10,454)	—	—	(10,715)
External revenues	2,518,474	208,855	170,867	50,730	—	—	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
	3,462,032	441,070	220,331	72,034	—	—	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	(15,214)	982	218,722
Associated companies							
	431	4,768	(3,666)	—	—	—	1,533
Jointly controlled entities							
	187,722	140,988	(23,192)	(9,602)	—	(609)	295,307
	362,636	231,841	(56,755)	(7,319)	(15,214)	373	515,562
Additions to non-current assets other than financial instruments							
	935,623	1,021,352	2,323	522	60	202	1,960,082
Depreciation and amortisation							
	20,168	16,795	73,824	436	582	1,024	112,829
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 30th June 2010							
Segment assets							
	40,066,650	13,157,839	1,896,585	87,514	51,470	24,336	55,284,394
Associated companies and jointly controlled entities							
	3,222,852	6,255,250	816,007	(342)	602	11,457	10,305,826
Available-for-sale financial assets							
							221,996
Property, plant and equipment at corporate office							
							4,487
Prepayments, debtors and other receivables at corporate office							
							314,059
Amounts due from related companies at corporate office							
							425,190
Cash and bank balances at corporate office							
							2,427,397
Total assets							
							68,983,349
Segment liabilities							
	7,646,641	304,595	257,145	40,972	13,727	11,829	8,274,909
Creditors and accruals at corporate office							
							36,150
Taxes payable							
							590,493
Borrowings							
							18,411,099
Deferred tax liabilities							
							2,266,299
Total liabilities							
							29,578,950

Reconciliations of revenues and profit before taxation:

	6 months ended 31st December	
	2010 HK\$'000	2009 HK\$'000
(i) Revenues		
Total segment revenues	6,596,295	4,195,467
Less:		
Revenues of associated companies and jointly controlled entities, attributable to the Group	(668,489)	(1,246,541)
Revenues as presented in condensed consolidated income statement	5,927,806	2,948,926
(ii) Profit before taxation		
Attributable operating profit before finance costs and taxation charge	1,984,200	515,562
Changes in fair value of investment properties, net of deferred taxation	124,930	61,466
Gain on repurchase of convertible bonds	1,268	—
Gain on remeasuring previously held interests of jointly controlled entities at fair value upon further acquisition as subsidiaries	—	513,248
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	—	483,610
Loss on disposal of non-current assets held for sale	—	(15,364)
Impairment of goodwill	—	(51,860)
Finance costs — project loans	(93,090)	(96,056)
Corporate income tax and land appreciation tax, net of tax indemnity	(601,649)	(318,477)
Attributable operating profit	1,415,659	1,092,129
Net foreign exchange gains/(losses)	237,345	(1,521)
Bank and other interest income — corporate	3,827	2,092
Finance costs — corporate loans	(23,055)	(48,405)
Deferred tax on undistributed profits	(27,012)	(13,538)
Corporate administrative expenses	(98,364)	(90,424)
Profit attributable to equity holders of the Company	1,508,400	940,333
Taxation charge	771,935	192,600
Profit attributable to non-controlling interests	53,560	57,634
Profit before taxation	2,333,895	1,190,567

Notes to the Interim Financial Statements

3. OTHER INCOME

	6 months ended 31st December	
	2010	2009
	HK\$'000	HK\$'000
Tax indemnity from the ultimate holding company (note 6)	178,054	1,753
Bank and other interest income	58,198	21,068
Interest income from jointly controlled entities, net of withholding tax (note)	48,869	66,966
Trademark fee income from jointly controlled entities	39,567	—
Dividend income from available-for-sale financial assets	160	—
	324,848	89,787

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	
	2010	2009
	HK\$'000	HK\$'000
Share of shareholders' loan interest expenses of jointly controlled entities	(39,104)	(53,721)

4. OTHER GAINS, NET

	6 months ended 31st December	
	2010	2009
	HK\$'000	HK\$'000
Net foreign exchange gains/(losses)	244,190	(6,367)
Gain on disposal of investment properties	3,358	140
Gain on repurchase of convertible bonds	1,268	—
Gain on remeasuring previously held interests of jointly controlled entities at fair value upon further acquisition as subsidiaries	—	513,248
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	—	483,610
Loss on disposal of non-current assets held for sale	—	(15,364)
Impairment of goodwill	—	(51,860)
	248,816	923,407

5. OPERATING PROFIT BEFORE FINANCE COSTS

	6 months ended 31st December	
	2010	2009
	HK\$'000	HK\$'000
Operating profit before finance costs is arrived at after crediting:		
Gross rental income from investment properties	253,085	196,113
and after charging:		
Cost of properties sold	3,499,203	2,110,362
Staff costs	173,416	131,069
Outgoings in respect of investment properties	112,485	89,146
Depreciation of property, plant and equipment	86,256	103,375
Rental for leased premises	15,383	16,305
Amortisation of land use rights	8,934	9,454
Loss on disposal of property, plant and equipment	310	155

6. TAXATION CHARGE

	6 months ended 31st December	
	2010	2009
	HK\$'000	HK\$'000
Current taxation		
PRC corporate income tax	347,269	121,250
PRC land appreciation tax	345,686	76,207
Deferred taxation	78,980	(4,857)
	771,935	192,600

Share of taxation of associated companies and jointly controlled entities for the six months ended 31st December 2010 of HK\$1,017,000 (2009: HK\$895,000) and HK\$95,949,000 (2009: HK\$132,947,000) 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 (2009: Nil). PRC corporate income tax ("CIT") has been provided on the estimated assessable profits of subsidiaries, associated companies and jointly controlled entities operating in the PRC at 25% (2009: 25%). PRC land appreciation tax ("LAT") 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 CIT 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\$178,054,000 (2009: HK\$1,753,000) was effected (note 3).

Notes to the Interim Financial Statements

7. INTERIM DIVIDEND

	6 months ended 31st December	
	2010	2009
	HK\$'000	HK\$'000
Interim dividend of HK\$0.03 (2009: Nil) per share	172,847	—

The directors have declared an interim dividend of HK\$0.03 per share. It will be payable on or about Monday, 16th May 2011 to shareholders whose names appear on the Register of Members of the Company on Monday, 18th April 2011.

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	
	2010	2009
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	1,508,400	940,333
Interest expense on convertible bonds	7,422	20,545
Less: Gain on repurchase of convertible bonds	(1,268)	—
Profit used to determine diluted earnings per share	1,514,554	960,878

	Number of shares	
	6 months ended 31st December	
	2010	2009
Weighted average number of shares for calculating basic earnings per share	5,757,880,195	4,638,337,099
Effect of dilutive potential shares:		
Share options	7,885,636	5,350,806
Convertible bonds	46,828,094	347,321,652
Weighted average number of shares for calculating diluted earnings per share	5,812,593,925	4,991,009,557

9. CAPITAL EXPENDITURE

For the six months ended 31st December 2010, the Group's additions to property, plant and equipment, investment properties and land use rights amounted to HK\$718,980,000 (2009: HK\$373,940,000).

10. PREPAYMENTS, DEBTORS AND OTHER RECEIVABLES

	As at 31st December 2010 HK\$'000	As at 30th June 2010 HK\$'000
Trade debtors (note)	589,126	322,150
Prepaid land preparatory cost and related development costs	2,689,526	2,428,480
Prepayment for purchase of land	7,744,125	6,410,849
Prepayment for proposed development projects	277,945	232,924
Prepaid taxes	551,674	750,270
Other prepayments, deposits and receivables	688,313	522,437
	12,540,709	10,667,110

Note: Trade debtors mainly include sales proceed receivables, rental receivables and property management fee receivables. 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. The ageing analysis of trade debtors based on invoice date is as follows:

	As at 31st December 2010 HK\$'000	As at 30th June 2010 HK\$'000
0 to 30 days	322,465	160,226
31 to 60 days	75,067	37,273
61 to 90 days	25,364	11,752
Over 90 days	166,230	112,899
	589,126	322,150

11. SHARE CAPITAL

	As at 31st December 2010 HK\$'000	As at 30th June 2010 HK\$'000
Authorised:		
8,000,000,000 shares of HK\$0.1 each	800,000	800,000
Issued and fully paid:		
5,759,275,505 (30th June 2010: 5,757,248,468) shares of HK\$0.1 each	575,928	575,725

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

	Number of shares of HK\$0.1 each	HK\$'000
At 30th June 2009	3,836,471,082	383,647
Rights Issue (note (i))	1,918,584,241	191,859
Exercise of share options (note (ii))	2,193,145	219
At 30th June 2010	5,757,248,468	575,725
Exercise of share options (note (ii))	2,027,037	203
At 31st December 2010	5,759,275,505	575,928

Notes to the Interim Financial Statements

11. SHARE CAPITAL (Continued)

- (i) On 18th November 2009, 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.
- (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. The movements in the number of share options granted during the period and the balance outstanding at 31st December 2010 are as follows:

Date of offer to grant	Exercise price per share HK\$	Number of share options				As at 31st December 2010
		As at 1st July 2010	Granted during the period	Exercised during the period	Lapsed during the period	
7th November 2005	2.341 ⁽¹⁾	11,641	—	(11,641)	—	—
28th March 2006	3.497 ⁽¹⁾	2,078,507	—	—	—	2,078,507
28th June 2006	2.559 ⁽¹⁾	436,119	—	—	—	436,119
17th October 2006	2.984 ⁽¹⁾	111,492	—	—	—	111,492
28th December 2006	4.209 ⁽¹⁾	759,850	—	—	—	759,850
19th March 2007	4.020 ⁽¹⁾	822,985	—	—	—	822,985
14th June 2007	5.994 ⁽¹⁾	1,669,701	—	—	—	1,669,701
17th October 2007	7.209 ⁽¹⁾	1,635,223	—	—	—	1,635,223
28th December 2007	6.228 ⁽¹⁾	973,880	—	—	(147,761)	826,119
28th December 2007	6.228 ⁽²⁾	14,283,582	—	—	—	14,283,582
22nd April 2008	4.699 ⁽¹⁾	647,910	—	—	—	647,910
31st July 2008	3.271 ⁽¹⁾	260,597	—	—	—	260,597
12th November 2008	1.503 ⁽¹⁾	981,534	—	(120,000)	(168,328)	693,206
2nd December 2008	1.340 ⁽³⁾	960,597	—	(329,702)	—	630,895
2nd December 2008	1.340 ⁽⁴⁾	15,260,106	—	(825,694)	(161,425)	14,272,987
2nd December 2008	1.340 ⁽¹⁾	2,309,391	—	(332,000)	—	1,977,391
3rd February 2009	1.769 ⁽¹⁾	831,528	—	(98,000)	—	733,528
26th June 2009	4.065 ⁽¹⁾	3,247,836	—	—	—	3,247,836
19th November 2009	3.068 ⁽¹⁾	3,470,000	—	(100,000)	(400,000)	2,970,000
12th January 2010	2.990 ⁽¹⁾	5,212,400	—	—	(154,000)	5,058,400
18th May 2010	2.350 ⁽¹⁾	1,479,600	—	(98,000)	—	1,381,600
31st May 2010	2.440 ⁽¹⁾	1,000,000	—	(112,000)	—	888,000
10th November 2010	3.130 ⁽¹⁾	—	4,654,400	—	—	4,654,400
		58,444,479	4,654,400	(2,027,037)	(1,031,514)	60,040,328

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.
- (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.

12. LONG TERM BORROWINGS

	As at 31st December 2010 HK\$'000	As at 30th June 2010 HK\$'000
Bank loans (note (i))		
Secured	4,386,447	3,415,698
Unsecured	10,037,967	9,933,939
Loans from fellow subsidiaries (note (ii))	2,609,906	2,606,381
Loans from non-controlling interests (note (iii))	80,394	79,033
Advances from participating interest (note (iv))	1,706,345	1,660,041
Convertible bonds (note (v))	356,136	361,234
	19,177,195	18,056,326
Current portion included in current liabilities	(4,600,922)	(1,979,853)
	14,576,273	16,076,473

Notes:

(i) The bank loans are repayable as follows:

	Secured		Unsecured		Total	
	As at 31st December 2010 HK\$'000	As at 30th June 2010 HK\$'000	As at 31st December 2010 HK\$'000	As at 30th June 2010 HK\$'000	As at 31st December 2010 HK\$'000	As at 30th June 2010 HK\$'000
Within one year	530,842	349,250	4,070,080	1,630,603	4,600,922	1,979,853
Between one and two years	989,140	793,164	2,640,543	3,669,338	3,629,683	4,462,502
Between two and five years	1,061,046	1,135,795	3,060,483	3,790,817	4,121,529	4,926,612
After five years	1,805,419	1,137,489	266,861	843,181	2,072,280	1,980,670
	4,386,447	3,415,698	10,037,967	9,933,939	14,424,414	13,349,637

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

	As at 31st December 2010 HK\$'000	As at 30th June 2010 HK\$'000
Within one year	—	—
Between one and two years	2,609,906	2,606,381
Between two and five years	—	—
	2,609,906	2,606,381

The loans from fellow subsidiaries are unsecured and bear interest at three months Hong Kong Interbank Offered Rate ("HIBOR") (30th June 2010: three months HIBOR) per annum.

(iii) The loans from non-controlling interests are unsecured, bear interest at 5% (30th June 2010: 5%) per annum and have repayment terms as specified in the joint venture contracts.

(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.

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

12. LONG TERM BORROWINGS (Continued)

As at 30th June 2010, the outstanding principal amount, after certain repurchase and redemption, was RMB331,200,000. During the period, the Group repurchased principal amount of RMB18,000,000 of convertible bond.

As at 31st December 2010, the outstanding principal amount was RMB313,200,000.

13. 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 2010 HK\$'000	As at 30th June 2010 HK\$'000
0 to 30 days	2,023,001	1,100,573
31 to 60 days	294,377	37,072
61 to 90 days	54,251	31,845
Over 90 days	348,308	432,066
	2,719,937	1,601,556

14. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

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

15. GUARANTEES

(i) Corporate guarantees for banking facilities

The Group has corporate guarantees of approximately HK\$2,202,826,000 (30th June 2010: HK\$2,340,179,000) given in respect of bank loan facilities extended to certain jointly controlled entities. As at 31st December 2010, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the jointly controlled entities was approximately HK\$1,436,888,000 (30th June 2010: HK\$1,513,782,000).

(ii) Guarantees in respect of mortgage facilities

As at 31st December 2010, 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\$1,686,920,000 (30th June 2010: HK\$1,654,666,000). 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.

16. COMMITMENTS

Capital expenditure commitments

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

	As at 31st December 2010 HK\$'000	As at 30th June 2010 HK\$'000
Authorised but not contracted for		
Purchase consideration for proposed development projects	108,000	108,000
Contracted but not provided for		
Investment properties	190,364	290,674
Purchase consideration for proposed development projects	168,650	76,390
	359,014	367,064
	467,014	475,064

(b) The Group's share of capital expenditure commitment of a jointly controlled entity not included above is as follows:

	As at 31st December 2010 HK\$'000	As at 30th June 2010 HK\$'000
Authorised but not contracted for	—	—
Contracted but not provided for		
Investment properties	5,461	12,843
	5,461	12,843

Notes to the Interim Financial Statements

17. 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	
	2010 HK\$'000	2009 HK\$'000
Interest expense on loans from fellow subsidiaries	2,998	3,278
Rental expense for leased premises to fellow subsidiaries	8,036	7,338
Property agency fee paid to a fellow subsidiary	5,042	6,404
Purchase of goods from fellow subsidiaries	1,498	—
Interest income from jointly controlled entities	55,876	76,891
Estate management fee income from fellow subsidiaries and jointly controlled entities	423	4,331
Rental income from fellow subsidiaries and a jointly controlled entity	44,736	37,078
Management service fee income from fellow subsidiaries, a jointly controlled entity and an associated company	6,654	3,549
Trademark fee income from jointly controlled entities	39,567	—

These related party transactions were in accordance with the terms as disclosed in the 2010 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\$523,246,000 (2009: HK\$96,491,000). 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 CIT 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\$178,054,000 (2009: HK\$1,753,000) was effected (note 6).
- (iv) During the period, the Group entered into a framework agreement with Shenyang New World Department Store Ltd. ("NWDS"), a fellow subsidiary of the Group, pursuant to which the Group agreed to sell a commercial property to be developed (the "Property") to NWDS at a consideration of RMB456,534,000 (equivalent to HK\$530,854,000), subject to adjustment for any changes in the floor area as stipulated in the agreement and the building ownership certificate at the unit price of RMB18,000 per square meter. The estimated buildable floor area of the Property shall be approximately 25,363 square meters.
- The delivery of the Property is estimated to be occurred on or before 31st August 2012 and it is estimated that the Group will record a net gain of approximately RMB122.7 million (equivalent to HK\$142.7 million), being the differences between the consideration and the expected cost of the Property, including all relevant taxes.
- (v) During the period ended 31st December 2009, the Group acquired 52.5% interest in Shanghai Trio Property Development Co., Ltd. at a consideration of HK\$520,638,000 from Guilherme Holdings (Hong Kong) Limited ("Guilherme") and disposed of 50% interest in Shanghai Juyi Real Estate Development Co., Ltd. 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 2010, 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				Percentage to the relevant issued share capital as at 31st December 2010
	Personal interests	Family interests	Corporate interests	Total	
New World China Land Limited					
(Ordinary shares of HK\$0.10 each)					
Dr. Cheng Kar-shun, Henry	18,750,000	2,925,000	78,406,800 ⁽¹⁾	100,081,800	1.74
Mr. Doo Wai-hoi, William	13,125,000	—	52,258,400 ⁽²⁾	65,383,400	1.14
Miss Cheng Chi-man, Sonia	168,400	—	—	168,400	0.00
Mr. Leung Chi-kin, Stewart	790,000	—	—	790,000	0.01
Mr. Chow Kwai-cheung	126	—	—	126	0.00
Mr. Chow Yu-chun, Alexander	9,825,000	—	—	9,825,000	0.17
Mr. Fong Shing-kwong, Michael	2,105,250	—	—	2,105,250	0.04
Ms. Ngan Man-ying, Lynda	600,000	—	—	600,000	0.01
Mr. Cheng Wai-chee, Christopher	83,600	—	—	83,600	0.00
Mr. Tien Pei-chun, James	83,600	—	—	83,600	0.00
Mr. Lee Luen-wai, John	83,600	—	—	83,600	0.00
New World Development Company Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	300,000	—	300,000	0.01
Mr. Doo Wai-hoi, William	—	—	1,000,000 ⁽²⁾	1,000,000	0.03
Mr. Leung Chi-kin, Stewart	134,538	—	—	134,538	0.00
Mr. Chow Kwai-cheung	57,128	—	—	57,128	0.00
Mr. Fong Shing-kwong, Michael	208,788	—	—	208,788	0.01
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	13,768,798	—	12,000,000 ⁽¹⁾	25,768,798	0.78
Mr. Doo Wai-hoi, William	3,009,849	—	13,695,000 ⁽²⁾	16,704,849	0.50
Mr. Cheng Kar-shing, Peter	332,790	—	4,912,751 ⁽³⁾	5,245,541	0.16
Mr. Leung Chi-kin, Stewart	3,000,000	—	—	3,000,000	0.09
Mr. Chow Kwai-cheung	13,586	—	—	13,586	0.00
Mr. Fong Shing-kwong, Michael	2,431,060	—	—	2,431,060	0.07
Mr. Cheng Wai-chee, Christopher	1,259,556	—	—	1,259,556	0.04
New World Department Store China Limited					
(Ordinary shares of HK\$0.10 each)					
Mr. Cheng Chi-kong, Adrian	—	—	1,107,000 ⁽⁴⁾	1,107,000	0.07
Miss Cheng Chi-man, Sonia	92,000	—	—	92,000	0.01

Other Information

DIRECTORS' INTERESTS IN SECURITIES *(Continued)*

(A) Long position in shares *(Continued)*

	Number of shares			Total	Percentage to the relevant issued share capital as at 31st December 2010
	Personal interests	Family interests	Corporate interests		
Dragon Fortune Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	15,869 ⁽⁵⁾	15,869	27.41
Elite Master Holdings Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	1 ⁽⁶⁾	1	100.00
Mega Choice Holdings Limited <i>(in liquidation)</i>					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	—	420,585,070 ⁽¹⁾	420,585,070	34.61
NWS Engineering Group Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	50,000,000 ⁽⁶⁾	50,000,000	100.00
Sun City Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	80,000	3,570,000 ⁽⁷⁾	3,650,000	45.63
Sun Legend Investments Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	500 ⁽⁸⁾	500	50.00
Waihong Cleaning Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	1 ⁽⁶⁾	1	100.00
YE Holdings Corporation					
(Ordinary shares of HK\$1.00 each)					
Mr. Leung Chi-kin, Stewart	37,500	—	—	37,500	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 deemed interest held by a company, which is 90% owned by Mr. Doo Wai-hoi, William, under contracts to acquire such interests and is subject to completion of all conditions contained therein.
7. These shares are held by a company of which Mr. Cheng Kar-shing, Peter owns an indirect interest of 49.58%.
8. Mr. Cheng Kar-shing, Peter is deemed to be interested in these shares by virtue of his interests in Sun City.

(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			Exercise price per share HK\$
			Balance as at 1st July 2010	Exercised during the period	Balance as at 31st December 2010	
Dr. Cheng Kar-shun, Henry	7th January 2008	(1)	2,238,806	—	2,238,806	6.228
	29th December 2008	(2)	1,791,045	—	1,791,045	1.340
Mr. Doo Wai-hoi, William	7th January 2008	(1)	895,522	—	895,522	6.228
	29th December 2008	(2)	727,612	—	727,612	1.340
Mr. Cheng Kar-shing, Peter	7th January 2008	(1)	895,522	—	895,522	6.228
	29th December 2008	(2)	727,612	—	727,612	1.340
Mr. Cheng Chi-Kong, Adrian	25th July 2006	(3)	371,194	—	371,194	2.559
	7th January 2008	(1)	1,679,104	—	1,679,104	6.228
	29th December 2008	(2)	1,343,284	—	1,343,284	1.340
Miss Cheng Chi-man, Sonia	29th December 2008	(4)	755,821	—	755,821	1.340
Mr. Leung Chi-kin, Stewart	7th January 2008	(1)	223,882	—	223,882	6.228
	29th December 2008	(2)	127,910	—	127,910	1.340
Mr. Chow Kwai-cheung	7th January 2008	(1)	223,882	—	223,882	6.228
	29th December 2008	(2)	167,910	—	167,910	1.340
Mr. Chow Yu-chun, Alexander	7th January 2008	(1)	559,701	—	559,701	6.228
	29th December 2008	(2)	559,701	—	559,701	1.340
Mr. Fong Shing-kwong, Michael	7th January 2008	(1)	559,701	—	559,701	6.228
	29th December 2008	(5)	125,933	—	125,933	1.340
Ms. Ngan Man-ying, Lynda	7th January 2008	(1)	1,119,403	—	1,119,403	6.228
	29th December 2008	(2)	1,007,463	(500,000) ⁽⁶⁾	507,463	1.340
Mr. Cheng Wai-chee, Christopher	7th January 2008	(1)	335,821	—	335,821	6.228
	29th December 2008	(2)	252,221	—	252,221	1.340
Mr. Tien Pei-chun, James	7th January 2008	(1)	335,821	—	335,821	6.228
	29th December 2008	(2)	252,221	—	252,221	1.340
Mr. Lee Luen-wai, John	7th January 2008	(1)	335,821	—	335,821	6.228
	29th December 2008	(2)	252,221	—	252,221	1.340
Total			17,865,134	(500,000)	17,365,134	

Notes:

- Divided into 3 tranches, exercisable from 8th February 2008, 8th February 2009 and 8th February 2010, respectively to 7th February 2011.
- Divided into 4 tranches, exercisable from 30th January 2009, 30th January 2010, 30th January 2011 and 30th January 2012, respectively to 29th January 2013.
- 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.
- Divided into 5 tranches, exercisable from 30th January 2009, 30th January 2010, 30th January 2011, 30th January 2012 and 30th January 2013, respectively to 29th January 2014.
- Divided into 3 tranches, exercisable from 30th January 2010, 30th January 2011 and 30th January 2012, respectively to 29th January 2013.
- The exercise date was 12th November 2010. On the trading date immediately before the exercise date, the closing price per share was HK\$3.130.
- 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			Balance as at 31st December 2010	Exercise price per share (note 4) HK\$
			Balance as at 1st July 2010	Adjusted during the period (note 4)	Exercised during the period		
Dr. Cheng Kar-shun, Henry	19th March 2007	(1)	36,710,652	1,086	—	36,711,738	17.653
Mr. Cheng Kar-shing, Peter	19th March 2007	(1)	201,153	5	—	201,158	17.653
		(2)	1,206,925	35	—	1,206,960	17.653
Mr. Cheng Chi-kong, Adrian	19th March 2007	(2)	502,885	14	—	502,899	17.653
Mr. Leung Chi-kin, Stewart	19th March 2007	(1)	35,704,880	1,056	—	35,705,936	17.653
Mr. Chow Kwai-cheung	19th March 2007	(2)	1,206,925	35	—	1,206,960	17.653
Mr. Chow Yu-chun, Alexander	19th March 2007	(2)	1,508,656	44	—	1,508,700	17.653
Mr. Fong Shing-kwong, Michael	19th March 2007	(3)	603,462	17	—	603,479	17.653
Mr. Lee Luen-wai, John	19th March 2007	(1)	301,731	8	—	301,739	17.653
Total			77,947,269	2,300	—	77,949,569	

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. NWD declared final dividend for the year ended 30th June 2010 in scrip form (with cash option) during the period which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$17.654 to HK\$17.653 on 28th December 2010.
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			Balance as at 31st December 2010	Exercise price per share (note 3) HK\$
			Balance as at 1st July 2010	Adjusted during the period (note 3)	Exercised during the period		
Dr. Cheng Kar-shun, Henry	21st August 2007	(1)	1,210,731	607,363	—	1,818,094	10.692
		(2)	1,816,097	911,045	—	2,727,142	10.692
Mr. Doo Wai-hoi, William	21st August 2007	(1)	807,153	404,908	—	1,212,061	10.692
		(2)	1,210,732	607,364	—	1,818,096	10.692
Mr. Cheng Wai-chee, Christopher	21st August 2007	(1)	242,145	121,472	—	363,617	10.692
		(2)	363,219	182,208	—	545,427	10.692
Total			5,650,077	2,834,360	—	8,484,437	

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. NWS declared final dividend for the year ended 30th June 2010 in scrip form (with cash option) and allotted new shares under a bonus issue of shares during the period which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$16.055 to HK\$10.692 on 29th December 2010.
4. 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 2010	Exercised during the period	Balance as at 31st December 2010	
Dr. Cheng Kar-shun, Henry	27th November 2007	(1)	1,000,000	—	1,000,000	8.660
Mr. Cheng Chi-kong, Adrian	27th November 2007	(1)	500,000	—	500,000	8.660
Ms. Ngan Man-ying, Lynda	27th November 2007	(1)	500,000	—	500,000	8.660
Total			2,000,000	—	2,000,000	

Notes:

1. 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.
2. 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 director of the Company has interest in the debentures issued by Fita International Limited ("Fita"), a wholly-owned subsidiary of NWD. Details of the debentures of Fita held by him as at 31st December 2010 were as follows:

Name of director	Amount of debentures in USD issued by Fita			Percentage to the total debentures in issue as at 31st December 2010
	Personal interest	Family interest	Total	
Mr. Lee Luen-wai, John	1,000,000	1,000,000	2,000,000	0.27

Save as disclosed above, as at 31st December 2010, 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 2010, 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:

Long position of substantial shareholders in the shares of the Company

Name	Number of shares			Percentage to the issued share capital as at 31st December 2010
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTF") (Note 1)	—	4,061,034,137	4,061,034,137	70.51
Centennial Success Limited ("CSL") (Note 1)	—	4,061,034,137	4,061,034,137	70.51
Chow Tai Fook Enterprises Limited ("CTF") (Note 2)	—	4,061,034,137	4,061,034,137	70.51
New World Development Company Limited ("NWD") (Note 3)	3,806,449,096	254,585,041	4,061,034,137	70.51

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.
3. The number of shares held under the corporate interests of NWD includes 170,027,818 shares held by Easywin Enterprises Corporation Limited, its wholly-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.

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 2010.

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 2010. The 2000 Share Option Scheme expired on 18th December 2010.

During the six months ended 31st December 2010, movement of share options granted to the directors and employees of the Group 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.

Other Information

SHARE OPTION SCHEME (Continued)

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

Date of grant	Number of share options (note 1)					Exercise price per share HK\$
	Balance as at 1st July 2010	Granted during the period (note 5)	Exercised during the period (note 6)	Lapsed during the period	Outstanding as at 31st December 2010	
7th November to 2nd December 2005	11,641	—	(11,641)	—	—	2.341
28th March to 24th April 2006	2,078,507	—	—	—	2,078,507	3.497
28th June to 26th July 2006	64,925	—	—	—	64,925	2.559
17th October to 13th November 2006	111,492	—	—	—	111,492	2.984
28th December 2006 to 24th January 2007	759,850	—	—	—	759,850	4.209
19th March to 13th April 2007	822,985	—	—	—	822,985	4.020
14th June to 11th July 2007	1,669,701	—	—	—	1,669,701	5.994
17th October to 13th November 2007	1,635,223	—	—	—	1,635,223	7.209
28th December 2007 to 24th January 2008	973,880	—	—	(147,761)	826,119	6.228
28th December 2007 to 24th January 2008	4,880,596 ⁽²⁾	—	—	—	4,880,596	6.228
22nd April to 19th May 2008	647,910	—	—	—	647,910	4.699
31st July to 27th August 2008	260,597	—	—	—	260,597	3.271
12th November to 9th December 2008	981,534	—	(120,000)	(168,328)	693,206	1.503
2nd December to 29th December 2008	960,597 ⁽³⁾	—	(329,702)	—	630,895	1.340
2nd December to 29th December 2008	7,924,973 ⁽⁴⁾	—	(325,694)	(161,425)	7,437,854	1.340
2nd December to 29th December 2008	1,553,570	—	(332,000)	—	1,221,570	1.340
3rd February to 2nd March 2009	831,528	—	(98,000)	—	733,528	1.769
26th June to 23rd July 2009	3,247,836	—	—	—	3,247,836	4.065
19th November to 16th December 2009	3,470,000	—	(100,000)	(400,000)	2,970,000	3.068
12th January to 2nd February 2010	5,212,400	—	—	(154,000)	5,058,400	2.990
18th May to 14th June 2010	1,479,600	—	(98,000)	—	1,381,600	2.350
31st May to 25th June 2010	1,000,000	—	(112,000)	—	888,000	2.440
10th November to 7th December 2010	—	4,654,400	—	—	4,654,400	3.130
Total	40,579,345	4,654,400	(1,527,037)	(1,031,514)	42,675,194	

Notes:

- 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.
- 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.
- 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.
- 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.
- The closing price per share immediately before 10th November 2010, the date of offer to grant, was HK\$3.180.
- The weighted average closing price of the shares immediately before the date on which share options were exercised under the 2002 Share Option Scheme was HK\$2.899.

The fair value of the share options granted during the period with exercise price per share of HK\$3.130 is estimated at HK\$1.24 using the Binomial pricing model. Value is estimated based on the risk-free rate at 1.1% per annum with reference to the rate prevailing on the Exchange Fund Notes, a one-year period historical volatility of 55.20%, assuming dividend yield of 1.63% 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

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 13th June 2006, the Company was granted a 3-year term loan facility of HK\$300,000,000 to fund the general corporate funding requirement of the Company and its subsidiaries, including refinancing the Company's existing loan, which was renewed for further three years up to 12th June 2012. On 28th May 2010, the Company obtained a 5-year term loan facility of up to HK\$1,000,000,000 to finance the general working capital of the Company.

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 also granted loan facilities of HK\$700,000,000 and HK\$400,000,000 for 3 years. It was further granted loan facilities of HK\$250,000,000, HK\$150,000,000, HK\$100,000,000, HK\$500,000,000 and HK\$700,000,000 for a term of 2 to 5 years on 29th October 2009, 6th November 2009, 19th April 2010, 28th May 2010 and 5th July 2010, 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 NWD 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.

Other Information

UPDATE ON DIRECTORS' INFORMATION

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 2010 Annual Report are set out below:

1. Mr. Chow Yu-chun, Alexander was re-designated as a Non-Executive Director of the Company and ceased to be a member of the Executive Committee and Remuneration Committee of the Board of Director of the Company on 1st January 2011.
2. Mr. Leung Chi-kin, Stewart was re-designated as a Non-Executive Director and the Principal Adviser of New World Development Company Limited, a listed public company in Hong Kong and a substantial shareholder of the Company, on 1st January 2011.
3. Miss Cheng Chi-man, Sonia was appointed as the Chairman of New World Hotel Management Limited, a wholly-owned subsidiary of the Company, on 1st January 2011.
4. Ms. Ngan Man-ying, Lynda was appointed as a member of the Remuneration Committee of the Board of Director of the Company on 1st January 2011.
5. Mr. Cheng Wai-chee, Christopher resigned as the Chairman of Standing Committee on Judicial Salaries and Conditions of Service of the Government of HKSAR in December 2010. On 28th January 2011, Mr. Cheng was re-appointed as a member of the Council of The University of Hong Kong.
6. Mr. Lee Luen-wai, John was appointed as a Non-Executive Director of Asia Now Resources Corporation, a listed public company in Canada, on 12th November 2010.
7. Mr. Doo Wai-hoi, William acts as an Independent Non-Executive Director of Shanghai Industrial Urban Development Group Limited, which name has been changed from Neo-China Land Group (Holdings) Limited with effect from 18th October 2010.
8. Mr. Cheng Kar-shing, Peter was admitted as an Associate Member of The Hong Kong Institute of Arbitrators on 30th August 2010.

INTERIM DIVIDEND

The directors have declared an interim dividend of HK\$0.03 per share for the year ending 30th June 2011. The interim dividend will be paid on or about Monday, 16th May 2011 to shareholders whose names appear on the Register of Members as at Monday, 18th April 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Friday, 15th April 2011 to Monday, 18th April 2011 (both days inclusive). In order to establish entitlements to the declared interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 14th April 2011.

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 2010 and discussed the financial related matters with management and external auditors. The unaudited interim financial statements of the Group for the six months ended 31st December 2010 have been reviewed by the Group's external auditors, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity" 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 2010, 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

On 6th July 2010, New World China Land Finance Limited, an indirect wholly-owned subsidiary of the Company, purchased a total of 180 units of the USD settled zero coupon guaranteed convertible bonds due in 2012 ("Bonds") (stock code : 01517) issued by itself with face value of RMB100,000 each for an aggregate consideration of USD2,628,706.30 (before expenses) off market. The purchase was completed on 16th July 2010 and the face value of the Bonds was reduced to RMB313,200,000.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

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. 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
Mr. Chow Yu-chun, Alexander

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 Bank International 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

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Grand Cayman KY1-1104
Cayman Islands

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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

For more information about the Group please contact the Corporate Communications Department at:
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