New World China Land Limited
新世界中國地產有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 0917)

INTERIM RESULTS ANNOUNCEMENT 2005/2006

RESULTS

The directors of New World China Land Limited ("the Company") announce the unaudited interim results of the Company and its subsidiaries ("the Group") for the six months ended 31st December 2005:

Consolidated Profit and Loss Account

	Note	Unaudited 6 months ended 31st December 2005 HK$'000	2004 HK$'000 (restated)
Turnover	3	**745,131**	923,851
Cost of sales		**(461,593)**	(701,369)
Gross profit		**283,538**	222,482
Other gains, net	4	**118,294**	53,267
Increase in fair value of investment properties		**76,808**	–
Selling expenses		**(39,858)**	(45,335)
Administrative expenses		**(21,857)**	(19,592)
Other operating expenses		**(164,860)**	(150,416)
Operating profit before financing	5	**252,065**	60,406
Finance costs		**(91,186)**	(37,003)
Share of results of			
Associated companies		**25,301**	22,208
Jointly controlled entities		**90,650**	11,947
Profit before taxation		**276,830**	57,558
Taxation charge	6	**(63,311)**	(25,245)
Profit for the period		**213,519**	32,313
Attributable to:			
Equity holders of the Company		**196,195**	39,786
Minority interests		**17,324**	(7,473)
		213,519	32,313
Earnings per share	8		
Basic and diluted		**5.19 cents**	2.67 cents

Consolidated Balance Sheet

	Note	Unaudited As at 31st December 2005 HK$'000	Restated As at 30th June 2005 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,556,419**	1,398,250
Investment properties		**3,020,376**	2,886,030
Land use rights		**420,606**	416,066
Goodwill		**13,484**	–
Properties held for development		**4,211,245**	3,918,668
Associated companies		**1,458,668**	1,527,193
Jointly controlled entities		**11,078,355**	9,936,477
Available-for-sale investment		**350**	–
Other investments		**–**	115,876
Other non-current assets		**341,235**	166,896
		22,100,738	20,365,456
Current assets			
Hotel inventories		**923**	1,392
Debtors, deposits and other receivables	9	**1,360,930**	838,547
Amounts due from group companies		**20,312**	31,234
Properties under development		**2,994,173**	2,614,492
Completed properties held for sale		**1,277,680**	1,567,735
Cash and bank balances		**4,092,305**	6,184,975
		9,746,323	11,238,375
Total assets		**31,847,061**	31,603,831
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**379,340**	376,825
Reserves		**23,088,395**	22,634,855
Proposed final dividend		**–**	113,236
		23,467,735	23,124,916
Minority interests		**22,554**	(17,051)
Total equity		**23,490,289**	23,107,865
LIABILITIES			
Non-current liabilities			
Long term borrowings		**3,895,289**	4,073,027
Long term payable		**120,530**	196,350
Deferred tax liabilities		**348,206**	311,712
		4,364,025	4,581,089
Current liabilities			
Creditors and accruals	10	**925,702**	1,124,247
Deposits received on sale of properties		**726,481**	387,107
Amounts due to group companies		**374,164**	481,991
Short term bank loans			
Secured		**655,769**	557,807
Unsecured		**–**	9,346
Current portion of long term borrowings		**799,647**	810,394
Current portion of long term payable		**77,352**	72,440
Amounts due to minority shareholders		**292,974**	368,092
Taxes payable		**140,658**	103,453
		3,992,747	3,914,877
Total liabilities		**8,356,772**	8,495,966
Total equity and liabilities		**31,847,061**	31,603,831
Net current assets		**5,753,576**	7,323,498
Total assets less current liabilities		**27,854,314**	27,688,954

Notes:

1. **Basis of preparation**

   The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The unaudited condensed consolidated interim financial statements should be read in conjunction with the 2005 annual financial statements.

   The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in 2005 annual financial statements except that the Group has changed certain of its accounting policies following its adoption of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (collectively "HKFRS").

2. **Changes in accounting policies**

   In the year ended 30th June 2005, the Group early adopted HKFRS 3 "Business combinations", Hong Kong Accounting Standard ("HKAS") 36 "Impairment of assets" and HKAS 38 "Intangible assets". With effect from 1st July 2005, the Group adopted all the remaining new and revised HKFRS that are currently in issue and effective for the accounting periods commencing on or after 1st January 2005 and also early adopted the amendment to HKAS 21 "The effects of changes in foreign exchange rates – Net investment in a foreign operation" which is effective for the accounting periods commencing on or after 1st January 2006.

   The following is a summary of the material changes in the principal accounting policies or presentation of accounts as a result of the adoption of those new or revised HKFRS.

   (i) *HKAS 1 Presentation of financial statements*

   The adoption of HKAS 1 has affected the presentation of minority interests, share of net after-tax results of jointly controlled entities and associated companies and other disclosures.

   (ii) *HKAS 17 Leases*

   The adoption of HKAS 17 has resulted in change in accounting policy relating to the reclassification of land use rights from property, plant and equipment to operating leases. The upfront prepayments made for land use rights are expensed in the profit and loss account on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the profit and loss account.

   In respect of property held for/under development, the amortisation of land use rights is included as part of the costs of the property under development in the course of property development. In all other cases, the amortisation charge is recognised in the profit and loss account.

   In previous years, land use rights were accounted for at cost or fair value less accumulated depreciation and impairment. This change in accounting policy has been applied retrospectively.

   (iii) *HKAS 32 Financial instruments: Disclosures and presentation*
   HKAS 39 Financial instruments: Recognition and measurement

   The adoption of HKAS 32 and 39 has resulted in a change in the accounting policy relating to the classification and measurement of loans and receivables and available-for-sale investment. HKAS 39 does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis.

   (iv) *HKAS 40 Investment properties*

   The adoption of revised HKAS 40 has resulted in a change in accounting policy of which the changes in fair value of investment properties are recognised in the profit and loss account.

   In previous years, increases in valuation of investment properties were credited to the investment properties revaluation reserve; decreases were first set off against earlier revaluation surpluses on a portfolio basis and thereafter charged to the profit and loss account.

The Group has applied the relevant transitional provisions under HKAS 40 and elected to apply HKAS 40 from 1st July 2005 onwards. As a result, investment property revaluation reserve as at 1st July 2005 has been transferred to the revenue reserve. Comparative information has not been restated.

In addition, HKAS 40 has removed the 15% benchmark for determining the significance of the portion of property held for own use. Accordingly, the property held for own use, previously recognised as investment properties, has been classified as property, plant and equipment under HKAS 16 "Property, plant and equipment". This change in accounting policy has been applied retrospectively.

(v) *HK-Int 2 The appropriate accounting policies for hotel properties*
Hong Kong Interpretation 2 requires owner-operated hotel properties to be classified as property, plant and equipment in accordance with HKAS 16. The Group has adopted the cost model and the change in accounting policy has been applied retrospectively.

In previous years, hotel properties were stated at their open market value based on an annual professional valuation at the balance sheet date. No depreciation was provided on hotel properties held on leases of more than 20 years. Increases in valuation of hotel properties were credited to the hotel properties revaluation reserve; decreases were first set off against earlier revaluation surpluses and thereafter charged to the profit and loss account.

(vi) *HK (SIC) – Int 21 Income taxes – Recovery of revalued non-depreciated assets*
The adoption of Hong Kong (SIC) Interpretation 21 has resulted in a change in accounting policy relating to the measurement of deferred tax liabilities arising from the revaluation of investment properties. Such deferred tax liabilities are measured on the basis of tax consequences that would follow from the recovery of the carrying amount of that asset through use. In prior years, the carrying amount of that asset was expected to be recovered through sale.

(vii) *HKFRS 2 Share-based payments*
The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 30th June 2005, the provision of share options to employees did not result in an expense in the profit and loss account. Effective on 1st July 2005, the Group expenses the cost of share options in the profit and loss account. As a transitional provision, the cost of share options which were granted after 7th November 2002 and had not yet vested on 1st July 2005 was expensed retrospectively in the profit and loss account of the respective periods.

Summary of the effects of changes in the accounting policies

(i) The effects on opening balances of total equity at 1st July 2005 and 1st July 2004 are as follows:

	Attributable to equity holders of the Company					Minority interests	Total equity
	Investment properties revaluation reserve HK$'000	Hotel properties revaluation reserve HK$'000	Share option reserve HK$'000	Revenue reserve HK$'000	Total HK$'000	HK$'000	HK$'000
At 1st July 2005							
– HKAS 17	–	–	–	(19,143)	(19,143)	(980)	(20,123)
– HKAS 39	–	–	–	(2,559)	(2,559)	–	(2,559)
– HKAS 40	(928,503)	–	–	906,572	(21,931)	(1,032)	(22,963)
– HKFRS 2	–	–	2,625	(2,625)	–	–	–
– HK-INT 2 & HKAS 16	26,246	(19,054)	–	(117,964)	(110,772)	(36,116)	(146,888)
Increase/(decrease) in equity	(902,257)	(19,054)	2,625	764,281	(154,405)	(38,128)	(192,533)
At 1st July 2004							
– HKAS 17	–	–	–	(24,292)	(24,292)	(1,680)	(25,972)
– HKAS 40	–	–	–	(12,452)	(12,452)	(893)	(13,345)
– HKFRS 2	–	–	571	(571)	–	–	–
– HK-INT 2 & HKAS 16	–	–	–	(62,218)	(62,218)	(6,673)	(68,891)
Increase/(decrease) in equity	–	–	571	(99,533)	(98,962)	(9,246)	(108,208)

(ii) The effects of the changes in the accounting policies on the results for the current and prior periods are as follows:

For the six months ended 31st December 2005

	Increase/(decrease) in profit for the period Effect of adopting						
	HKAS 1 HK$'000	HKAS 17 HK$'000	HKAS 39 HK$'000	HKAS 40 & HK (SIC) – Int 21 HK$'000	HK-INT 2 & HKAS 16 HK$'000	HKFRS 2 HK$'000	Total HK$'000
Turnover	–	–	–	–	–	–	–
Cost of sales	–	2,747	–	–	–	–	2,747
Gross profit	–	2,747	–	–	–	–	2,747
Other gains, net	–	–	1,230	–	–	–	1,230
Increase in fair value of investment properties	–	–	–	76,808	–	–	76,808
Selling expenses	–	–	–	–	–	–	–
Administrative expenses	–	–	–	–	–	(1,362)	(1,362)
Other operating expenses	–	(2,069)	–	(1,782)	(28,040)	–	(31,891)
Operating profit before financing	–	678	1,230	75,026	(28,040)	(1,362)	47,532
Finance costs	–	–	–	–	–	–	–
Share of results of							
Associated companies	(38,659)	–	–	16,057	(2,528)	–	(25,130)
Jointly controlled entities	(389)	502	160	63,500	(4,235)	–	59,538
Profit before taxation	(39,048)	1,180	1,390	154,583	(34,803)	(1,362)	81,940
Taxation charge	39,048	–	–	(25,721)	–	–	13,327
Profit for the period	–	1,180	1,390	128,862	(34,803)	(1,362)	95,267
Attributable to:							
Equity holders of the Company	–	1,072	1,390	128,015	(28,471)	(1,362)	100,644
Minority interests	–	108	–	847	(6,332)	–	(5,377)
	–	1,180	1,390	128,862	(34,803)	(1,362)	95,267
Earnings per share							
Basic and diluted	–	0.03 cents	0.04 cents	3.39 cents	(0.76) cents	(0.04) cents	2.66 cents

For the six months ended 31st December 2004

	Increase/(decrease) in profit for the period Effect of adopting HKAS 1 HK$'000	HKAS 17 HK$'000	HKAS 40 HK$'000	HK-INT 2 & HKAS 16 HK$'000	HKFRS 2 HK$'000	Total HK$'000
Turnover	–	–	–	–	–	–
Cost of sales	–	5,384	–	(368)	–	5,016
Gross profit	–	5,384	–	(368)	–	5,016
Other gains, net	–	–	–	–	–	–
Selling expenses	–	–	–	–	–	–
Administrative expenses	–	–	–	–	(724)	(724)
Other operating expenses	–	(1,763)	(695)	(25,976)	–	(28,434)
Operating profit before financing	–	3,621	(695)	(26,344)	(724)	(24,142)
Finance costs	–	–	–	–	–	–
Share of results of						
Associated companies	(1,735)	12	(32)	(2,457)	–	(4,212)
Jointly controlled entities	(6,636)	444	(183)	(4,154)	–	(10,529)
Profit before taxation	(8,371)	4,077	(910)	(32,955)	(724)	(38,883)
Taxation charge	8,371	–	–	–	–	8,371
Profit for the period	–	4,077	(910)	(32,955)	(724)	(30,512)
Attributable to:						
Equity holders of the Company	–	3,816	(922)	(24,480)	(724)	(22,310)
Minority interests	–	261	12	(8,475)	–	(8,202)
	–	4,077	(910)	(32,955)	(724)	(30,512)
Earnings per share						
Basic and diluted	–	0.26 cents	(0.06) cents	(1.64) cents	(0.05) cents	(1.49) cents

3. Turnover and segment information

The Group is principally engaged in investment and development of property projects in the People's Republic of China ("PRC"). Turnover comprises gross proceeds from sale of properties, revenue from rental and hotel operations, property management services fee income and project management fee income.

	6 months ended 31st December **2005** **HK$'000**	2004 HK$'000
Sale of properties	**521,442**	741,251
Rental income	**115,258**	83,627
Income from hotel operation	**94,200**	89,559
Property management services fee income	**11,138**	9,142
Project management fee income	**3,093**	272
	745,131	923,851

The Group is organised into four main business segments, comprising property sales, rental operation, hotel operation and property management services. There is no other significant identifiable separate business segment.

No geographical segments analysis is presented as the majority of the assets and operation of the Group are located in the PRC, which is considered as one geographical location in an economic environment with similar risks and returns.

6 months ended 31st December 2005	Property sales HK$'000	Rental operation HK$'000	Hotel operation HK$'000	Property management services HK$'000	Other operations HK$'000	Total HK$'000
Segment revenues	**524,535**	**119,535**	**94,200**	**6,861**	**–**	**745,131**
Segment results	**131,206**	**85,094**	**4,299**	**(893)**	**(518)**	**219,188**
Bank and other interest income						**84,907**
Corporate expenses						**(52,030)**
Operating profit before financing						**252,065**
Finance costs						**(91,186)**
Share of results of						
Associated companies	**(1,604)**	**27,975**	**(823)**	**(247)**	**–**	**25,301**
Jointly controlled entities	**(28,112)**	**119,846**	**(626)**	**(118)**	**(340)**	**90,650**
Profit before taxation						**276,830**
Taxation charge						**(63,311)**
Profit for the period						**213,519**

6 months ended 31st December 2004	Property sales HK$'000	Rental operation HK$'000	Hotel operation HK$'000	Property management services HK$'000	Other operations HK$'000	Total HK$'000 (restated)
Segment revenues	741,523	88,973	89,559	3,796	–	923,851
Segment results	61,790	16,344	(2,031)	(525)	(882)	74,696
Bank and other interest income						33,270
Corporate expenses						(47,560)
Operating profit before financing						60,406
Finance costs						(37,003)
Share of results of						
Associated companies	6,940	18,311	(2,700)	(343)	–	22,208
Jointly controlled entities	(27,671)	44,593	(1.780)	(1,995)	(1,200)	11,947
Profit before taxation						57,558
Taxation charge						(25,245)
Profit for the period						32,313

4. Other gains, net

	6 months ended 31st December 2005 HK$'000	2004 HK$'000
Bank and other interest income	**84,907**	33,270
Write back of provision for amount due from an investee company	**60,545**	–
Write back of provision for amount due from an associated company	**983**	–
Impairment of goodwill	**(26,955)**	–
Provision for amounts due from jointly controlled entities	**(1,186)**	(6,709)
Write back of provision for diminution in values of properties under development	**–**	19,229
Write back of provision for amounts due from jointly controlled entities	**–**	7,477
	118,294	53,267

5. Operating profit before financing

	6 months ended 31st December 2005 HK$'000	2004 HK$'000
Operating profit before financing is arrived at after charging:		
Cost of properties sold	**346,103**	607,986
Depreciation of property, plant and equipment and amortisation of land use rights	**63,008**	54,678

6. Taxation charge

	6 months ended 31st December 2005 HK$'000	2004 HK$'000
PRC income tax – deferred		
Origination and reversal of temporary differences	**37,590**	25,245
Increase in fair value of investment properties	**25,721**	–
	63,311	25,245

Share of taxation of associated companies and jointly controlled entities for the six months ended 31st December 2005 are HK$38,658,000 (2004: HK$1,735,000) and HK$389,000 (2004: HK$6,636,000) respectively and are included in the share of results of associated companies and jointly controlled entities.

7. Dividend

The directors do not declare the payment of a dividend for the six months ended 31st December 2005 (2004: Nil).

8. Earnings per share

The calculation of earnings per share is based on the profit attributable to equity holders of the Company of HK$196,195,000 (2004: HK$39,786,000) and weighted average of 3,777,236,194 shares (2004: 1,491,890,208 shares) in issue during the period.

As the outstanding share options have no dilutive effect on the earnings per share for both periods, the basic earnings per share is equal to the diluted earnings per share for both periods.

9. Debtors, deposits and other receivables

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

	As at 31st December 2005 HK$'000	As at 30th June 2005 HK$'000
0 to 30 days	**124,332**	111,234
31 to 60 days	**28,596**	11,175
61 to 90 days	**16,576**	5,737
Over 90 days	**59,842**	67,779
	229,346	195,925

Sale proceeds 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.

10. Creditors and accruals

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

	As at 31st December 2005 HK$'000	As at 30th June 2005 HK$'000
0 to 30 days	**260,371**	232,733
31 to 60 days	**54,705**	23,212
61 to 90 days	**189**	88,074
Over 90 days	**196,307**	382,301
	511,572	726,320

BUSINESS REVIEW

In the first half of FY2006, the Group has recorded a profit of HK$196.19 million, up 393% year-on-year.

Analysis of Attributable operating profit ("AOP")

	6 months ended 31st December	
	2005	2004
	HK$'000	HK$'000
		(restated)
Property sale	**9,900**	33,471
Rental operation	**77,176**	78,168
Hotel operation	**(1,344)**	(13,788)
Property management services	**(1,258)**	(2,312)
Others	**(735)**	(1,200)
AOP before provisions and finance costs	**83,739**	94,339
Increase in fair value of investment properties	**131,001**	–
Provisions written back	**49,431**	49,326
Finance costs – project loans	**(28,352)**	(52,669)
Impairment of goodwill	**(26,955)**	–
AOP	**208,864**	90,996
Finance costs – corporate loans	**(39,573)**	(9,030)
Corporate administrative expenses	**(43,845)**	(47,561)
Bank and other interest income	**78,934**	5,381
Exchange loss	**(8,185)**	–
Profit attributable to equity holders of the Company	**196,195**	39,786

Property Sales

In the first half of FY2006, the Group has completed four property development projects in two cities with a total gross floor area ("GFA") of 141,369 sq.m.. The completion of certain projects was behind schedule as the approval process for completion certificates by local government took longer than expected.

During the period under review, 207,238 sq.m. were sold to generate HK$1.3 billion gross sale proceeds. Over 60% of the development properties completed during the first half of FY2006 were sold. The total inventory as at 31 December 2005 amounted to 348,724 sq.m., reduced from 433,123 sq.m. as at 30 June 2005. Both inventory and newly completed projects achieved sales margin improvement.

The drop in AOP from property sales was mainly due to higher administrative and operating expenses.

Development property projects completed during 1st half FY2006

	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing Xin Cheng Commercial Building (北京新成文化大廈)	C, O	36,964	70%
Guangzhou Park Paradise Phase IIB2 (廣州嶺南新世界家園二期B2)	R	6,789	100%
Guangzhou Park Paradise Phase IIC (廣州嶺南新世界家園二期C)	R	57,383	60%
Guangzhou Covent Garden Phase II (廣州逸彩庭園二期)	R	40,233	60%
Total		**141,369**	

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

In the second half of FY2006, the Group expects to complete 7 development projects with 473,492 sq.m. GFA of which 269,661 sq.m. was completed after the end of 2005. As at the end of February 2006, approximately 300,000 sq.m. was pre-sold with gross sale proceeds of around HK$1.85 billion.

Development property projects to be completed in 2nd half FY2006

	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing Xin Yi Garden Phase I (北京新怡家園一期)	R	111,443	70%
Beijing New View Garden Phase II (北京新景家園二期)	R, O	86,536	70%
Wuhan Changqing Garden Phase VIA (武漢常青花園六期A)	R	62,353	60%
Wuhan Menghu Garden Phase IIA (武漢夢湖香郡二期A)	R	23,514	70%
Wuhan Xin Hua Garden Phase III (武漢新華家園三期)	R	83,410	60%
Guangzhou Park Paradise Phase IIC (廣州嶺南新世界家園二期C)	R	34,554	60%
Guangzhou Xintang New World Garden Phase III (廣州新塘新世界花園三期)	R, O	71,682	60%
Total		**473,492**	

Rental Operation

The rental operation maintained a steady AOP contribution to the Group during the period under review. Our major investment property, Beijing New World Centre capitalised on the buoyant rental market in Beijing provided growing contributions to the Group. Meanwhile, Wuhan New World International Trade Tower started to provide positive contribution to the Group upon completion. Furthermore, the investment properties in Guangzhou gradually increased its contribution during the period under review.

The Group has completed GFA of 41,902 sq.m. of investment properties in Beijing and Guangzhou during the period under review.

Investment properties completed during 1st half FY2006

	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing Xin Kang Garden Phase III (北京新康家園三期)	C, P	13,123	70%
Beijing Xin Cheng Commercial Building (北京新成文化大廈)	P	9,704	70%
Guangzhou Park Paradise Phase IIC (廣州嶺南新世界家園二期C)	C, P	14,161	60%
Guangzhou Covent Garden Phase II (廣州逸彩庭園二期)	P	4,914	60%
Total		**41,902**	

In the second half of FY2006, the Group plans to complete 6 projects of 197,256 sq.m. in Beijing, Wuhan and Guangzhou to further enhance our investment portfolio.

Investment properties to be completed in 2nd half FY2006

	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing Xin Yi Garden Phase I (北京新怡家園一期)	P	24,415	70%
Beijing New View Garden Phase II (北京新景家園二期)	P	11,526	70%
Wuhan New World International Trade Tower (武漢新世界國貿大廈)	O	60,366	100%
Wuhan Xin Hua Garden Phase III (武漢新華家園三期)	C, P	15,708	60%
Guangzhou Park Paradise Phase IIC (廣州嶺南新世界家園二期C)	C, P	8,040	60%
Guangzhou Central Park-view Phase IB (廣州凱旋新世界廣場一期B)	R, C, P	77,201	91%
Total		**197,256**	

Hotel operation

Our hotel portfolio currently comprises 4 hotels providing 1,790 guest rooms. Apart from the hotel in Shenyang which is under renovation, the occupancy rates and average room rates for the other three hotels were improved during the period under review.

Hotel portfolio	Number of rooms
New World Courtyard Hotel, Beijing (北京新世界萬怡酒店)	293
Mayfair Hotel Shanghai (上海巴黎春天大酒店)	860
New World Hotel, Shenyang (瀋陽新世界酒店)	261
New World Courtyard Hotel, Shunde (順德新世界萬怡酒店)	376
Total	**1,790**

The Group now has two hotels in Wuhan and Dalian under construction. When all being completed in 2008, they will enhance the Group's hotel portfolio by around 850 rooms.

LIQUIDITY AND CAPITAL RESOURCES

As at 31st December 2005, the Group's cash and bank deposits amounted to HK$4,256.96 million (30th June 2005: HK$6,351.87 million). The drop in cash and bank deposits was mainly due to repayment of bank loans and increase in capital expenditure for property projects in PRC.

Gearing ratio as at 31st December 2005, calculated on the basis of net debts over shareholders' funds, remained low at 4% compared to zero gearing as at 30th June 2005. The Group's consolidated net debt as at 31st December 2005 amounted to HK$961.37 million (30th June 2005: Nil).

The Group's bank and other borrowings as at 31st December 2005 totaling HK$5,218.33 million (30th June 2005: HK$5,531.51 million) of which 28%, 62%, 7% and 3% are repayable respectively within one year, one to two years, two to five years and over five years. 55% of the Group's total debts are on floating rate basis.

As at 31st December 2005, the Group's committed unutilised bank loan facilities amounted to HK$511.82 million (30th June 2005: HK$462.06 million).

The Group has net Renminbi ("RMB") exposure in the form of net monetary/non-monetary assets held and investment in PRC entities. As majority of the Group's net assets are denominated in RMB, the RMB exchange rate regime, with an initial appreciation of approximately 2% in July 2005, has a positive impact on the Group with appreciation of net asset value by HK$215.71 million.

There has been no significant change in the Group's policy to leverage funding by straight debts rather than quasi-debt financial instruments. During the period under review, the Group did not engage in any foreign currency hedging activity.

CONTINGENT LIABILITIES

As at 31st December 2005, the Group has contingent liabilities of approximately HK$1,691,116,000 (30th June 2005: HK$2,057,808,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. The drop in contingent liabilities reflects the Group's continuing effort to reduce reliance on debt generated from bank borrowings to finance its property projects.

DETAILS OF THE CHARGES ON GROUP'S ASSETS

As at 31st December 2005, the Group's property, plant and equipment, investment properties, land use rights, properties held for development, properties held under development, construction in progress and bank deposits of HK$489,360,000 (30th June 2005: 588,792,000), HK$764,291,000 (30th June 2005: 767,186,000), HK$190,133,000 (30th June 2005: 137,472,000), HK$998,917,000 (30th June 2005: 974,721,000), HK$315,536,000 (30th June 2005: 328,425,000), HK$258,211,000 (30th June 2005: Nil), HK$1,024,047,000 (30th June 2005: 817,517,000) respectively have been pledged as securities for short term and long term loans.

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 and discussed the financial related matters with management. At the request of directors, the Group's external auditors have carried out a review of the interim financial statements in accordance with Statement of Auditing Standards 700 issued by the HKICPA.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code of Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the six months ended 31st December 2005, except for the following deviations:–

Code provision A.2.1

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

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

Code provisions A.4.1

The code provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company were not appointed for a fixed term during the period under review as they are subject to retirement by rotation at annual general meeting in accordance with Article 116 of the Company's articles of association.

To comply with this code provision, service contracts were entered into between the non-executive directors and the Company whereby the non-executive directors are appointed for a fixed term of three years commencing from 1st January 2006 subject to the retirement and reappointment provisions in the articles of association of the Company.

Code provision A.4.2

The code provision A.4.2 provides that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

To comply with this code provision, the directors had proposed amendment to the articles of association of the Company in accordance with this code provision which was subsequently approved by the shareholders at the annual general meeting of the Company held on 29th November 2005.

Code provision A.5.4
The code provision A.5.4 provides that there should be written guidelines on no less exacting terms than the Model Code set out in Appendix 10 of the Listing Rules for relevant employees in respect of their dealing in the securities of the issuer.

The Company has not established guideline for employees as required under this code provision, instead, the relevant provisions for insider dealing as set out in the Securities (Insider Dealing) Ordinance have been included in the in-house "Human Resources & Administration Manual" so that the employees are reminded of their obligation under the Ordinance. The Company is now in the course of setting up written guidelines for employees in respect of their dealing in the Company's securities in compliance with this code provision.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules. The Company has confirmed with the directors that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions.

EMPLOYEES AND REMUNERATION POLICY

As at 31st December 2005, the Group had 2,244 full-time employees. Total staff related costs including directors' remuneration incurred were HK$71.6 million (2004: HK$54.9 million), of which retirement benefits was included. Remuneration of the employees is reviewed annually based on the assessment of individual performance. Discretionary year-end bonus was paid to employees based on individual performance.

MAJOR ACQUISITION OR DISPOSAL

There is no major acquisition or disposal undertaken by the Group during the period under review.

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

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

OUTLOOK

After a series of macro control measures released by the State Council, China still achieved a GDP growth of 9.9% in 2005. Apart from some over-speculative areas, most of the Mainland China cities' property market have escaped from the tightening effect of the austerity measures. Transaction volume regains back to its normal level and property price is increasing healthily.

From the recent tightening policies introduced in Shenzhen, we believe the Central Authority would not further release major national tightening measures. Rather, new regulations from local authorities would be issued to calm down the unhealthy property price increase.

In the economic forecast in the 11th Five-Year Plan (2006-2010) recently announced, the annual GDP growth of China is expected to grow at least 7.5% in the next 5 years. The resilient economic growth, stable increase in average income per capita and the expectation of RMB appreciation support the stable growth of real estate market in Mainland China. The Company ("NWCL") is at the best position to take advantage of this market trend, given the Group's strategic exposure in the downtown areas of the key cities. Our recent re-branding exercise strengthens the Company's brand equity which is one of the key success factors as a national property developer.

NWCL is one of the key players in the Mainland China property market. Our large land reserve is a definite asset to our operation with the ever increasing land prices and difficulties in acquiring new pieces of land under the new land policy which had been in place since 31st August 2004.

80% of NWCL's land bank is in Shenyang, Beijing, Wuhan and Guangzhou. The property projects in Wuhan and Guangzhou have already been progressing at a satisfactory pace. In near future, the property projects in Beijing will join the league after the Group finishes the resettlement of the 1.1 million sq.m. site in Beijing. In addition, NWCL also has two major projects in the pipeline. One is the 500,000 sq.m. Shanghai New World Garden located within the 2010 World Expo site. The other one is the 200,000 sq.m. Dalian New World Tower located in the downtown financial district of Dalian. NWCL will soon be running with full throttle.

Dr. Cheng Kar-shun, Henry
Chairman

Hong Kong, 15th March 2006

As at the date of this announcement, the board of directors of the Company comprises: (1) Dr. Cheng Kar-shun, Henry, Messrs. Doo Wai-hoi, William, Cheng Kar-shing, Peter, Leung Chi-kin, Stewart, Chow Kwai-cheung, Chow Yu-chun, Alexander, Fong Shing-kwong, Michael, Ngan Man-ying, Lynda as executive directors; (2) Mr. Fu Sze-shing as non-executive director and (3) Messrs. Cheng Wai-chee, Christopher, Tien Pei-chun, James and Lee Luen-wai, John as independent non-executive directors.

"Please also refer to the published version of this announcement in The Standard."