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

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 00917)

INTERIM RESULTS ANNOUNCEMENT 2008/2009

RESULTS

The board of directors of New World China Land Limited ("the Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries ("the Group") for the six months ended 31st December 2008:

Consolidated Income Statement

		Unaudited 6 months ended 31st December	
	Note	**2008 HK$'000**	2007 HK$'000
Revenues	2	**908,495**	1,261,423
Cost of sales		**(565,568)**	(783,512)
Gross profit		**342,927**	477,911
Other gains, net	3	**477,119**	1,035,133
Changes in fair value of investment properties		**(154,477)**	3,543
Selling expenses		**(71,780)**	(77,387)
Administrative expenses		**(23,970)**	(36,958)
Other operating expenses		**(274,357)**	(306,541)
Operating profit before finance costs	4	**295,462**	1,095,701
Finance costs		**(159,484)**	(166,925)
Share of results of			
Associated companies		**89,065**	65,421
Jointly controlled entities		**125,495**	21,346
Profit before taxation		**350,538**	1,015,543
Taxation charge	5	**(1,795)**	(135,683)
Profit for the period		**348,743**	879,860
Attributable to:			
Equity holders of the Company		**374,165**	919,588
Minority interests		**(25,422)**	(39,728)
		348,743	879,860
Interim dividend	6	**–**	153,342
Dividend per share	6		
Interim dividend		**–**	4.00 cents
Earnings per share	7		
Basic		**9.76 cents**	23.99 cents
Diluted		**9.34 cents**	22.90 cents

Consolidated Balance Sheet

	Note	Unaudited As at 31st December 2008 HK$'000	Audited As at 30th June 2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**939,602**	987,412
Investment properties		**7,159,634**	7,321,728
Land use rights		**420,557**	494,142
Goodwill		**127,766**	127,766
Properties held for development		**6,583,022**	6,870,382
Associated companies		**1,988,820**	1,947,102
Jointly controlled entities		**11,440,506**	11,278,973
Available-for-sale financial assets		**247,290**	209,275
Financial assets at fair value through profit or loss		–	120,308
Cash and bank balances, restricted		**40,909**	40,909
		28,948,106	29,397,997
Current assets			
Hotel inventories, at cost		**1,383**	1,024
Debtors, deposits and other receivables	8	**7,447,760**	6,761,477
Amounts due from group companies		**39,018**	27,663
Properties under development		**10,723,563**	7,889,265
Completed properties held for sale		**1,585,394**	1,496,675
Cash and bank balances, restricted		**300,896**	415,559
Cash and bank balances, unrestricted		**2,687,523**	4,368,149
		22,785,537	20,959,812
Total assets		**51,733,643**	50,357,809
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**383,461**	383,450
Reserves		**29,588,741**	29,244,667
Proposed final dividend		–	76,692
		29,972,202	29,704,809
Minority interests		**1,333,990**	1,331,697
Total equity		**31,306,192**	31,036,506

Consolidated Balance Sheet (Continued)

	Note	**Unaudited As at 31st December 2008 HK$'000**	Audited As at 30th June 2008 HK$'000
LIABILITIES			
Non-current liabilities			
Long term borrowings		**14,095,680**	10,253,824
Deferred tax liabilities		**510,116**	551,554
		14,605,796	10,805,378
Current liabilities			
Creditors and accruals	9	**2,124,989**	2,313,463
Deposits received on sale of properties		**687,504**	724,612
Amounts due to group companies		**84,077**	281,197
Short term bank loans		**218,182**	449,545
Current portion of long term borrowings		**1,944,233**	3,976,239
Amounts due to minority shareholders		**348,927**	343,306
Taxes payable		**413,743**	427,563
		5,821,655	8,515,925
Total liabilities		**20,427,451**	19,321,303
Total equity and liabilities		**51,733,643**	50,357,809
Net current assets		**16,963,882**	12,443,887
Total assets less current liabilities		**45,911,988**	41,841,884

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 and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The unaudited condensed consolidated interim financial statements should be read in conjunction with the 2008 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 the 2008 annual financial statements.

For the six months ended 31st December 2008, the Group has adopted the following amendments to standard and interpretations which are mandatory for the financial year ended 30th June 2009:

HKAS 39 and HKFRS 7 Amendments	Reclassification of Financial Assets
HK(IFRIC) - Int 12	Service Concession Arrangements
HK(IFRIC) - Int 13	Customer Loyalty Programmes
HK(IFRIC) - Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new amendments and interpretations does not have any impact on the results and financial position or changes in accounting policies of the Group.

The following new or revised standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1st January 2009 or later periods but which the Group has not early adopted:

Effective for the year ending 30th June 2010

HKFRS 1 (Revised)	First-time Adoption of HKFRS
HKFRS 2 Amendments	Vesting Conditions and Cancellations
HKFRS 3 (Revised) and HKAS 27 (Revised)	Business Combinations and Consolidated and Separate Financial Statements
HKFRS 7 Amendments	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKFRS 1 (Revised) and HKAS 27 Amendments	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 Amendment	Eligible Hedged Items
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in Foreign Operation
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs Amendments	Improvements to HKFRSs

The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretations, certain of which are relevant to the Group's operation and will give rise to changes in accounting policies, disclosures and measurement of certain items in the financial statements. However, the Group is not yet in a position to ascertain their impact on its results of operations and financial position.

2 Revenues and segment information

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

	6 months ended 31st December	
	2008	2007
	HK$'000	HK$'000
Sale of properties	**546,743**	902,306
Rental income	**190,398**	169,809
Income from hotel operation	**124,267**	135,805
Property management services fee income	**33,012**	27,187
Project management fee income	**14,075**	26,316
	908,495	1,261,423

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. Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, properties held for/under development, debtors, deposits and other receivables, and completed properties held for sale. They exclude cash and bank balances and financial assets held at corporate office and prepayment for proposed development projects. Segment liabilities comprise mainly creditors and accruals, deposits received on sale of properties and other payables. They exclude bank and other borrowings, taxes payable, other creditors and accruals at corporate office.

No geographical segment analysis is presented as the majority of the assets and operations 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 2008	Property sales HK$'000	Rental operation HK$'000	Hotel operation HK$'000	Property management services HK$'000	Other operations HK$'000	Total HK$'000
Segment revenues	**561,417**	**215,425**	**124,267**	**7,386**	**–**	**908,495**
Segment results	**385,481**	**(87,605)**	**(2,044)**	**(5,100)**	**(10,122)**	**280,610**
Bank and other interest income						**8,378**
Corporate expenses						**(94,155)**
Gain on repurchase of convertible bonds						**67,038**
Increase in fair value of financial assets at fair value through profit or loss						**33,591**
Operating profit before finance costs						**295,462**
Finance costs						**(159,484)**
Share of results of						
Associated companies	**(658)**	**90,640**	**(859)**	**(58)**	**–**	**89,065**
Jointly controlled entities	**43,119**	**108,491**	**(25,030)**	**(1,237)**	**152**	**125,495**
Profit before taxation						**350,538**
Taxation charge						**(1,795)**
Profit for the period						**348,743**
Capital expenditure	**19,236**	**20,521**	**4,196**	**920**	**1,170**	**46,043**
Depreciation and amortisation	**20,487**	**22,238**	**36,960**	**404**	**1,098**	**81,187**
As at 31st December 2008						
Segment assets	**28,024,999**	**7,828,533**	**1,016,326**	**90,890**	**15,353**	**36,976,101**
Associated companies and jointly controlled entities	**5,481,099**	**7,185,926**	**780,398**	**(7,367)**	**(10,730)**	**13,429,326**
Unallocated assets						**1,328,216**
Total assets						**51,733,643**
Segment liabilities	**2,685,067**	**239,074**	**345,715**	**30,841**	**39,237**	**3,339,934**
Unallocated liabilities						**17,087,517**
Total liabilities						**20,427,451**

6 months ended 31st December 2007	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	928,622	170,444	135,805	26,552	–	1,261,423
Segment results	885,684	39,401	20,790	4,903	(40,526)	910,252
Bank and other interest income						45,296
Corporate expenses						(66,367)
Net foreign exchange gains						206,520
Operating profit before finance costs						1,095,701
Finance costs						(166,925)
Share of results of						
Associated companies	(1,964)	68,486	(721)	(380)	–	65,421
Jointly controlled entities	(121,964)	146,720	(3,636)	130	96	21,346
Profit before taxation						1,015,543
Taxation charge						(135,683)
Profit for the period						879,860
Capital expenditure	46,051	80,178	130,048	599	972	257,848
Depreciation and amortisation	15,636	19,924	36,013	412	1,130	73,115
As at 30th June 2008						
Segment assets	25,933,989	7,981,902	1,158,941	109,032	14,556	35,198,420
Associated companies and jointly controlled entities	5,535,044	7,051,056	657,075	(6,389)	(10,711)	13,226,075
Unallocated assets						1,933,314
Total assets						50,357,809
Segment liabilities	2,775,503	330,749	423,150	48,026	29,876	3,607,304
Unallocated liabilities						15,713,999
Total liabilities						19,321,303

3 Other gains, net

	6 months ended 31st December	
	2008	2007
	HK$'000	HK$'000
Interest income from jointly controlled entities, net of withholding tax (note)	**219,796**	361,883
Gain on repurchase of convertible bonds	**67,038**	–
Excess of fair value of net assets acquired over cost of acquisition of interest in subsidiaries	**50,940**	19,584
Bank interest income	**40,258**	87,196
Trademark fee income from jointly controlled entities	**35,666**	–
Increase in fair value of financial assets at fair value through profit or loss	**33,591**	–
Gain on disposal of subsidiaries	**29,141**	85,986
Tax indemnity from the ultimate holding company	**16,658**	254,259
Dividend income from available-for-sale financial assets	**867**	12,500
Net foreign exchange (loss)/gains	**(16,836)**	213,725
	477,119	1,035,133

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	
	2008	2007
	HK$'000	HK$'000
Share of shareholders' loan interest expenses of jointly controlled entities	**(162,610)**	(264,385)

4 Operating profit before finance costs

	6 months ended 31st December	
	2008	2007
	HK$'000	HK$'000
Operating profit before finance costs is arrived at after charging:		
Cost of properties sold	**363,837**	595,991
Depreciation of property, plant and equipment	**76,526**	66,227
Amortisation of land use rights	**4,661**	6,888

5 Taxation charge

	6 months ended 31st December	
	2008	2007
	HK$'000	HK$'000
Current taxation		
PRC enterprise income tax	**16,802**	42,392
PRC land appreciation tax	**19,869**	53,980
Deferred taxation	**(34,876)**	39,311
	1,795	135,683

Share of taxation of associated companies and jointly controlled entities for the six months ended 31st December 2008 of HK$28,111,000 (2007: HK$6,825,000) and HK$21,583,000 (2007: HK$302,958,000) respectively and are included in the consolidated income statement as share of results of associated companies and jointly controlled entities.

No provision for Hong Kong profits tax has been made within the Group as the Group has no assessable profits in Hong Kong for the period (2007: Nil). PRC income tax has been provided on the estimated assessable profits of subsidiaries, associated companies and jointly controlled entities operating in the PRC at 25% (2007: 33%). PRC land appreciation tax is provided at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

6 Interim dividend

The directors have not declared an interim dividend for the six months ended 31st December 2008 (2007: HK$0.04 per share).

7 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	
	2008	2007
	HK$'000	HK$'000
Profit attributable to equity holders of the Company	**374,165**	919,588
Interest expense on convertible bonds	**16,198**	39,664
Profit used to determine diluted earnings per share	**390,363**	959,252

	Number of shares	
	6 months ended 31st December	
	2008	2007
Weighted average number of shares for calculating basic earnings per share	**3,834,583,210**	3,832,614,694
Effect of dilutive potential shares:		
Share options	**625,899**	2,212,297
Convertible bonds	**346,155,186**	353,458,093
Weighted average number of shares for calculating diluted earnings per share	**4,181,364,295**	4,188,285,084

8 Debtors, deposits and other receivables

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

	As at 31st December 2008	As at 30th June 2008
	HK$'000	HK$'000
0 to 30 days	**45,970**	163,813
31 to 60 days	**19,244**	24,215
61 to 90 days	**5,375**	57,848
Over 90 days	**186,983**	121,892
	257,572	367,768

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.

9 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 2008 HK$'000	As at 30th June 2008 HK$'000
0 to 30 days	**671,600**	348,988
31 to 60 days	**37,440**	55,401
61 to 90 days	**15,723**	4,531
Over 90 days	**725,323**	1,068,239
	1,450,086	1,477,159

BUSINESS REVIEW

During the period under review, the China property market has experienced the negative effects from both the austerity measures previously imposed by the Central Government and the global economic downturn triggered by the US sub-prime turmoil. Faced with these challenges, the Group recorded a profit of HK$374.2 million in the first half of FY2009, a decrease of 59% from the corresponding period last year. The decrease in profit for the period was mainly attributable to the effect from changes in fair value of investment properties which turned to a loss of HK$55.2 million from last period's gain of HK$76.5 million as a result of downward adjustment in fair value of the Group's rental portfolio and also the effect of foreign exchange loss of HK$12.6 million as opposed to a gain of HK$226.8 million recorded during the previous period when Renminbi had appreciated by over 4%. Without taking into accounts the effect from abovementioned non-operating items and other exceptional items, the underlying core profit from the Group's four core business operations in fact reached HK$514.8 million, representing an increase of 5% over that of corresponding period last year.

With the backdrop of volume shrinkage and price correction in the overall property market, the Group's property sales operation still maintained a positive contribution with a considerable improvement of 6 percentage points in the average gross margin achieved. Furthermore, our rental operation enjoyed a handsome growth of 32% in AOP contributions with the continuous improvement in rental rates and occupancies of our investment properties portfolio.

Analysis of Attributable operating profit ("AOP")

	6 months ended 31st December	
	2008	2007
	HK$'000	HK$'000
Property sales	**326,528**	331,391
Rental operation	**223,451**	169,289
Hotel operation	**(29,077)**	13,732
Property management services	**1,259**	4,493
Others	**(7,343)**	(28,220)
AOP before provision and finance costs	**514,818**	490,685
Gain on repurchase of convertible bonds	**67,038**	−
Excess of fair value of net assets acquired over cost of acquisition of interest in subsidiaries	**50,940**	19,584
Increase in fair value of financial assets at fair value through profit or loss	**33,591**	-
Gain on disposal of subsidiaries	**29,141**	85,301
Tax indemnity from the ultimate holding company	**16,658**	254,259
Changes in fair value of investment properties, net of deferred taxation	**(55,228)**	76,532
Finance costs – project loans	**(117,380)**	(108,901)
AOP	**539,578**	817,460
Finance costs – corporate loans	**(72,037)**	(85,003)
Corporate administrative expenses	**(85,780)**	(63,923)
Deferred tax on undistributed profits	**(4,279)**	(41,443)
Net foreign exchange (loss)/gains	**(12,561)**	226,789
Bank and other interest income	**9,244**	65,708
Profit attributable to equity holders of the Company	**374,165**	919,588

Property sales

During the period under review, the Group has completed four property development projects in Guangzhou and Guiyang with a total gross floor area ("GFA") of 187,988 sq.m., up 27% year-on-year. The AOP of property sales has achieved HK$326.5 million or a slight decrease of 1% against the first half of FY2008. With slow sentiment in the property market during the period under review, the Group's performance in property sales has been impacted with a decrease in sales volume by 48% to a total of 147,015 sq.m. GFA sales, generating gross sale proceeds of over RMB1.2 billion. However, it is encouraging that the average gross margin of the period's sales improved 6 percentage points to 39%, mitigating the effect from decrease in sales volume.

Development property projects completed in 1st half FY2009	Usage	Total GFA (sq. m.)	NWCL's interest
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	R	11,717	100%
Guangzhou Park Paradise Phase IID2 (廣州嶺南新世界二期 D2)	R	65,758	60%
Guangzhou Xintang New World Garden Phase V (廣州新塘新世界花園五期)	R	54,743	63%
Guiyang Sunny Town Phase I (貴陽金陽新世界一期)	R, P	55,770	50%
Total		**187,988**	

R: Residential
C: Commercial
P: Carpark
H: Hotel

Rental operation

The AOP from rental operation recorded at HK$223.5 million during the period under review, up 32% against the first half of FY2008. The significant improvement was due to increased contribution from Beijing New World Centre shopping arcade and the higher occupancy rates of office premises, particularly Wuhan New World Trade Tower and Wuhan New World Centre.

The Group's investment property portfolio has increased by 5,540 sq.m., mainly from the completion of car parks at Guangzhou Park Paradise and Guangzhou New World Oriental Garden.

Investment properties completed in 1st half FY2009	Usage	Total GFA (sq. m.)	NWCL's interest
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	P	1,264	100%
Guangzhou Park Paradise Phase IID2 (廣州嶺南新世界二期 D2)	P	4,276	60%
Total		**5,540**	

Hotel operation

During the period under review, the AOP from hotel operation turned into a loss of HK$29.1 million. The overall hotel operating results was dampened because of the renovations of Courtyard Marriot Beijing and New World Mayfair Hotel Shanghai. The pre-matured results of the newly launched New World Hotel Wuhan and the pre-opening expenses incurred for Dalian New World Hotel, also contributed to the overall losses from hotel operation.

In the first half of FY2009, the Penta Hotel Shanghai was opened with 260 rooms. The Group's hotel portfolio currently comprises of six hotels with 2,120 rooms.

Hotel portfolio	**Number of rooms**
Courtyard by Marriot Beijing (北京萬怡酒店)	299
New World Mayfair Hotel Shanghai (上海巴黎春天大酒店)	605
Penta Hotel Shanghai (上海貝爾特酒店)	260
New World Hotel Shenyang (瀋陽新世界酒店)	259
New World Hotel Wuhan (武漢新世界酒店)	327
Courtyard by Marriot Shunde (順德萬怡酒店)	370
Total	**2,120**

LIQUIDITY AND CAPITAL RESOURCES

As at 31st December 2008, the Group's cash and bank deposits amounted to HK$3,029 million (30th June 2008: HK$4,825 million). The decrease in cash and bank deposits was mainly due to payment of development costs for new phases of development projects in Shanghai, Dalian and Shenyang. The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK$13,229 million (30th June 2008: HK$9,855 million), translating into a gearing ratio of 42% (30th June 2008: 32%). 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 2008 totaled HK$15,248 million (30th June 2008: HK$13,613 million) of which 18% were secured by way of charges over assets and 82% 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 2008 HK$'million	As at 30th June 2008 HK$'million
Repayable:		
Within one year	**2,162**	4,426
Between one and two years	**2,792**	2,654
Between two and five years	**10,294**	6,533
	15,248	13,613

As at 31st December 2008, the Group's committed unutilised bank loan facilities amounted to HK$2,225 million (30th June 2008: HK$2,548 million).

Capital expenditure commitments

The capital expenditure commitments of the Group as at 31st December 2008 were HK$256,241,000 (30th June 2008: HK$173,711,000) of which HK$148,241,000 (30th June 2008: HK$65,711,000) were contracted but not provided for in the financial statements and HK$108,000,000 (30th June 2008: HK$108,000,000) were authorised but not contracted for. The Group did not have any share of capital commitments of jointly controlled entities (30th June 2008: Nil). The source of funding for capital commitments are internally generated resources and bank loan facilities.

Foreign currency exposure

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

CONTINGENT LIABILITIES

As at 31st December 2008, the Group has contingent liabilities of approximately HK$2,517,095,000 (30th June 2008: HK$2,350,081,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. The increase in contingent liabilities was mainly due to further drawdown of bank loans obtained by certain associated companies and jointly controlled entities during the period.

As at 31st December 2008, 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$1,170,455,000 (30th June 2008: HK$995,605,000).

DETAILS OF CHARGES ON GROUP’S ASSETS

As at 31st December 2008, the Group’s property, plant and equipment, investment properties, land use rights, properties held for development, properties under development and bank deposits of HK$429,495,000 (30th June 2008: HK$456,546,000), HK$2,123,154,000 (30th June 2008: HK$2,157,547,000), HK$227,136,000 (30th June 2008: HK$297,343,000), HK$264,402,000 (30th June 2008: HK$261,345,000), HK$2,674,226,000 (30th June 2008: HK$1,345,017,000), and HK$341,805,000 (30th June 2008: HK$456,468,000) respectively have been pledged as securities for short term and long term loans. As at 30th June 2008, completed properties held for sale of HK$10,499,000 had been charged as securities for a long term loan. The loan was fully repaid during the period.

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 the directors, the Group's external auditors have carried out a review of the interim financial statements in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code of Corporate Governance Practices contained in Appendix 14 to the Listing Rules during the six months ended 31st December 2008, 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 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 for Securities Transaction by Directors of Listed Issuers set out in Appendix 10 to 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 the code provision, instead, the relevant provisions for insider dealing as set out in the Securities and Futures Ordinance have been included in the in-house "Human Resources & Administration Manual" so that the employees are reminded of their obligation under the Ordinance.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

EMPLOYEES AND REMUNERATION POLICY

As at 31st December 2008, the Group has 4,543 full-time employees. Total staff related costs incurred during the period under review were HK$146 million (2007: HK$109 million), of which retirement benefits were included. Remuneration of employees is reviewed annually based on assessment of individual performance. Discretionary year-end bonus was paid to employees based on individual performance.

MAJOR ACQUISITION OR DISPOSAL

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

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

On 14th October 2008, New World China Land Finance Limited, an indirect wholly-owned subsidiary of the Company, repurchased the USD settled zero coupon guaranteed convertible bonds due in 2011 ("Bonds") (stock code : 1517) issued by itself. Details of the repurchase was as follows :

Units of Bonds purchased	Method of purchase	Aggregate price paid
2,500 units of Bonds with face value of RMB100,000 each	Off market	USD24,904,775.86

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

OUTLOOK

Property industry is closely correlated to local economy. Credit crunch and the worry of global economic slowdown are hammering every single economy in the world, including China. With the timely implementation of proactive fiscal policy and easing monetary policy by the Central

Government, the property market has recently shown signs of stabilisation.

In the short-term, the uncertainty of the global economic situation may induce further downside risks to the China property market. In order to cope with the risks associated, the Group will continue its prudent approach in managing our business in China. We believe the rapid urbanisation and genuine housing demand will cradle the healthy growth and development of the market in the long run.

In the second half of FY2009, the Group plans to complete 12 projects with a total GFA of 814,753 sq m..

Properties to be completed in 2nd half FY2009	**Usage**	**Total GFA (sq.m.)**	**NWCL's interest**
Dalian New World Tower (大連新世界大廈)	R, C, H, P	128,631	100%
Wuhan New World Centre (武漢新世界中心)	C	11,049	100%
Wuhan Menghu Garden Phase III (武漢夢湖香郡三期)	R	15,660	70%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C, P	168,545	60%
Wuhan Xin Hua Garden Phase IV (武漢新華家園四期)	R, P	61,233	60%
Chengdu Riverside New World Phase I (成都河畔新世界一期)	R	92,080	30%
Changsha La Ville New World Phase I (長沙新城新世界一期)	R, P	163,571	45%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R, C, P	33,761	60%
Guangzhou Park Paradise Phase IID3 (廣州嶺南新世界二期 D3)	R, C, P	46,174	60%
Guangzhou Park Paradise Phase IIE1 (廣州嶺南新世界二期 E1)	R	14,450	60%
Guangzhou Xintang New World Garden Phase V (廣州新塘新世界花園五期)	R, C	15,209	63%
Zhaoqing New World Garden Phase II (肇慶新世界花園二期)	R, P	64,390	40%
Total		**814,753**	

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

Hong Kong, 17th March 2009

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