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: 917)

INTERIM RESULTS ANNOUNCEMENT 2010/2011

RESULTS

The board of directors of New World China Land Limited ("the Company") is pleased to announce the unaudited interim consolidated results of the Company and its subsidiaries ("the Group") for the six months ended 31st December 2010:

Condensed Consolidated Income Statement

		Unaudited	
		6 months ended 31st December	
		2010	2009
	Note	**HK$'000**	HK$'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

	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		**1,674,047**	1,641,140
Investment properties		**13,501,791**	12,409,018
Land use rights		**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	9	**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		**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

Condensed Consolidated Statement of Financial Position (Continued)

As at 31st December 2010

	Note	**Unaudited As at 31st December 2010 HK$'000**	Audited As at 30th June 2010 HK$'000
LIABILITIES			
Non-current liabilities			
Long term borrowings		**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	10	**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		**4,600,922**	1,979,853
Amounts due to non-controlling interests		**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

Notes to the interim financial statements

1 Basis of preparation and accounting policies

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

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

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	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 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							**185,223**
Property, plant and equipment at corporate office							**4,607**
Prepayments, debtors and other receivables at corporate office							**858,012**
Amounts due from related companies at corporate office							**171,627**
Cash and bank balances at corporate office							**1,458,698**
Total assets							**72,827,634**
Segment liabilities	**8,180,835**	**549,170**	**120,753**	**49,535**	**17,428**	**35,433**	**8,953,154**
Creditors and accruals at corporate office							**34,997**
Taxes payable							**959,367**
Borrowings							**19,537,878**
Deferred tax liabilities							**2,390,809**
Total liabilities							**31,876,205**

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	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 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	2009
		HK$'000	HK$'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

3 Other income

	6 months ended 31st December	
	2010	2009
	HK$'000	HK$'000
Tax indemnity from the ultimate holding company	**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 charging:		
Cost of properties sold	**3,499,203**	2,110,362
Depreciation of property, plant and equipment	**86,256**	103,375
Amortisation of land use rights	**8,934**	9,454

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 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 is provided at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

7 Interim dividend

	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 Prepayments, debtors and other receivables

Prepayments, debtors and other receivables include trade debtors, prepaid land preparatory cost, prepayment for purchase of land and proposed development projects, prepaid taxes, other prepayments, deposits and receivables. 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

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

10 Creditors and accruals

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

	As at 31st December 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

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 charges 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 20% increase in recorded property sales 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	2009
	HK$'000	HK$'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

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 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

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.

OUTLOOK

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.

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.

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**	

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.

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.

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.

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 the shareholders 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.

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

Hong Kong, 28th February 2011

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

The announcement is published on the websites of the Company (www.nwcl.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).