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 2011/2012

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 2011:

Condensed Consolidated Income Statement

		Unaudited	
		6 months ended 31st December	
		2011	2010
	Note	**HK$'000**	HK$'000
Revenues	2	**7,090,290**	5,927,806
Cost of sales		**(3,630,373)**	(3,828,398)
Gross profit		**3,459,917**	2,099,408
Other income	3	**420,346**	324,848
Other gains, net	4	**218,577**	248,816
Changes in fair value of investment properties		**375,718**	255,210
Selling expenses		**(202,735)**	(114,419)
Administrative expenses		**(71,651)**	(49,580)
Other operating expenses		**(615,114)**	(416,981)
Operating profit before finance costs	5	**3,585,058**	2,347,302
Finance costs		**(159,346)**	(102,107)
Share of results of			
Associated companies		**18,783**	17,641
Jointly controlled entities		**143,336**	71,059
Profit before taxation		**3,587,831**	2,333,895
Taxation charge	6	**(1,655,135)**	(771,935)
Profit for the period		**1,932,696**	1,561,960
Attributable to:			
Equity holders of the Company		**1,803,722**	1,508,400
Non-controlling interests		**128,974**	53,560
		1,932,696	1,561,960
Earnings per share	7		
Basic		**31.13 cents**	25.22 cents
Diluted		**30.85 cents**	25.08 cents
Interim dividend	8	**259,357**	172,847
Interim dividend per share	8	**3.00 cents**	3.00 cents

Condensed Consolidated Statement of Comprehensive Income

	Unaudited 6 months ended 31st December	
	2011	2010
	HK$'000	HK$'000
Profit for the period	**1,932,696**	1,561,960
Other comprehensive income:		
Changes in fair value of available-for-sale financial assets	–	(36,772)
Translation differences	**165,409**	147,311
Share of other comprehensive income of jointly controlled entities	**36,500**	196,465
Share of other comprehensive income of associated companies	**(594)**	(1,445)
Other comprehensive income for the period	**201,315**	305,559
Total comprehensive income for the period	**2,134,011**	1,867,519
Total comprehensive income attributable to:		
Equity holders of the Company	**2,001,503**	1,810,840
Non-controlling interests	**132,508**	56,679
	2,134,011	1,867,519

Condensed Consolidated Statement of Financial Position

As at 31st December 2011

	Note	**Unaudited As at 31st December 2011 HK$'000**	Audited As at 30th June 2011 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,757,729**	1,832,310
Investment properties		**14,961,647**	14,197,823
Land use rights		**689,521**	693,090
Intangible assets		**1,955,847**	23,394
Properties held for development		**15,111,164**	12,478,678
Associated companies		**431,706**	413,476
Jointly controlled entities		**10,840,434**	9,633,728
Available-for-sale financial assets		**108,496**	58,362
		45,856,544	39,330,861
Current assets			
Properties under development		**19,250,898**	15,214,997
Completed properties held for sale		**2,584,353**	2,767,280
Hotel inventories, at cost		**4,642**	4,653
Prepayments, debtors and other receivables	9	**9,200,554**	10,976,586
Amounts due from related companies		**532,419**	589,809
Cash and bank balances, restricted		**9,946**	10,355
Cash and bank balances, unrestricted		**10,854,359**	10,640,373
		42,437,171	40,204,053
Total assets		**88,293,715**	79,534,914
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**864,463**	576,239
Reserves		**46,565,908**	40,887,420
Interim dividend		**259,357**	–
Proposed final dividend		–	230,505
		47,689,728	41,694,164
Non-controlling interests		**2,651,828**	2,354,690
Total equity		**50,341,556**	44,048,854

Condensed Consolidated Statement of Financial Position (Continued)

As at 31st December 2011

	Note	**Unaudited As at 31st December 2011 HK$'000**	Audited As at 30th June 2011 HK$'000
LIABILITIES			
Non-current liabilities			
Long term borrowings		**15,834,753**	14,151,021
Deferred tax liabilities		**2,245,061**	2,185,100
		18,079,814	16,336,121
Current liabilities			
Creditors and accruals	10	**4,342,062**	3,714,991
Deposits received on sale of properties		**4,017,248**	4,819,682
Amounts due to related companies		**1,529,240**	1,337,068
Short term loans		**373,381**	370,087
Current portion of long term borrowings		**6,250,875**	6,382,934
Amounts due to non-controlling interests		**93,097**	101,512
Taxes payable		**3,266,442**	2,423,665
		19,872,345	19,149,939
Total liabilities		**37,952,159**	35,486,060
Total equity and liabilities		**88,293,715**	79,534,914
Net current assets		**22,564,826**	21,054,114
Total assets less current liabilities		**68,421,370**	60,384,975

Notes to the interim financial statements

1 Basis of preparation

These unaudited condensed consolidated interim financial statements (the "interim financial statements") for the six months ended 31st December 2011 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 annual financial statements for the year ended 30th June 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

(a) Accounting policies

The accounting policies used in the preparation of these interim financial statements are consistent with those set out in the annual financial statements for the year ended 30th June 2011 except for the following.

(i) The Group has adopted the following revised standard, amendments to standards and interpretation which are mandatory for the financial year ending 30th June 2012:

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
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 14 Amendment	Prepayments of a Minimum Funding Requirement

The adoption of revised standard, amendments to standards and interpretation does not have a significant impact on the Group's results and financial position.

The following new standards and amendments are mandatory for accounting periods beginning on or after 1st January 2012 or later periods but which the Group has not early adopted:

Effective for the year ending 30th June 2013 or after

HKAS 1 Amendment	Presentation of Financial Statements
HKFRS 7 Amendment	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investment in Associates and Joint Ventures
HKAS 32 Amendment	Offsetting Financial Assets and Financial Liabilities

The Group has already commenced an assessment of the impact of these new standards and amendments, 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.

(ii) During the six months ended 31st December 2011, the Group acquired the subsidiaries and intangible assets were recognised at the date of acquisition. The accounting policies on the intangible assets other than goodwill are as follows:-

(1) Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks with indefinite life are carried at cost less impairment and are not amortised.

(2) Hotel management contracts

Separately acquired hotel management contracts are shown at historical cost. Hotel management contracts acquired in a business combination are recognised at fair value at acquisition date. Hotel management contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of hotel management contracts over their estimated useful lives of 20 years.

(3) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 20 years.

(4) Process, technology and know-how

Process, technology and know-how acquired in a business combination are recognised at fair value at acquisition date. Process, technology and know-how have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of process, technology and know-how over their estimated useful lives of 10 years.

(iii) During the six months ended 31st December 2011, the Group recognised income from land preparatory work. Income from land preparatory work is recognised when services are rendered and the income can be reliably measured and it is probable that future economic benefit will flow to the Group.

(b) Critical accounting estimates and judgements

Estimates and judgements are critically evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The Group's estimates and judgements that have a significant effect on carrying amounts of assets and liabilities are consistent with those set out in the annual financial statements for the year ended 30th June 2011 except for the estimates and judgements in the impairment of intangible assets arising from the acquisition of subsidiaries during the current period as explained below.

Impairment of intangible assets

The Group test annually for impairment for those intangible assets that have an indefinite useful life, i.e. goodwill and trademarks. Intangible assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of cash-generating units have been determined based on the higher of the fair value less costs to sell and value in use calculations. These calculations require the use of estimates, such as discount rates, future profitability and growth rates.

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, income from land preparatory work, 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	
	2011	2010
	HK$'000	HK$'000
Sale of properties	**5,549,295**	5,375,140
Income from land preparatory work	**723,795**	–
Rental income	**315,786**	261,800
Income from hotel operation	**206,995**	217,254
Property management services fee income	**65,088**	61,176
Project management fee income	**33,174**	1,860
Hotel management services fee income	**196,157**	10,576
	7,090,290	5,927,806

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 ("AOP") 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, amortisation of intangible assets, 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, intangible assets, 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 2011	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	**6,306,264**	**325,989**	**222,780**	**90,169**	**204,297**	**–**	**7,149,499**
Inter-segment revenues	**–**	**(10,203)**	**(15,785)**	**(25,081)**	**(8,140)**	**–**	**(59,209)**
External revenues	**6,306,264**	**315,786**	**206,995**	**65,088**	**196,157**	**–**	**7,090,290**
Associated companies - attributable to the Group	**16,990**	**10,839**	**12,523**	**–**	**–**	**–**	**40,352**
Jointly controlled entities - attributable to the Group	**237,793**	**167,546**	**45,566**	**27,426**	**–**	**–**	**478,331**
	6,561,047	**494,171**	**265,084**	**92,514**	**196,157**	**–**	**7,608,973**
Segment bank and other interest income	**46,727**	**10,978**	**246**	**148**	**69**	**22**	**58,190**
AOP before finance costs and taxation charge							
Company and subsidiaries	**2,524,751**	**116,206**	**(32,080)**	**(22,126)**	**(2,255)**	**14**	**2,584,510**
Associated companies	**9,898**	**3,587**	**(2,655)**	**–**	**–**	**–**	**10,830**
Jointly controlled entities	**166,972**	**82,814**	**(19,022)**	**1,925**	**–**	**2,787**	**235,476**
	2,701,621	**202,607**	**(53,757)**	**(20,201)**	**(2,255)**	**2,801**	**2,830,816**
Additions to non-current assets other than financial instruments	**2,965,577**	**85,420**	**12,177**	**1,267**	**1,969,843**	**5,500**	**5,039,784**
Depreciation and amortisation	**27,121**	**8,806**	**69,754**	**693**	**19,341**	**606**	**126,321**
Share of results of							
Associated companies	**12,507**	**8,931**	**(2,655)**	**–**	**–**	**–**	**18,783**
Jointly controlled entities	**(46,651)**	**215,123**	**(23,313)**	**1,087**	**–**	**(2,910)**	**143,336**

As at 31st December 2011	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	**52,006,666**	**15,600,450**	**2,075,275**	**98,033**	**2,117,016**	**8,381**	**71,905,821**
Associated companies and jointly controlled entities	**3,233,988**	**7,463,962**	**551,170**	**10,102**	**5,184**	**7,734**	**11,272,140**
Available-for-sale financial assets							**108,496**
Property, plant and equipment at corporate office							**4,694**
Prepayments, debtors and other receivables at corporate office							**110,730**
Amounts due from related companies at corporate office							**524,728**
Cash and bank balances at corporate office							**4,367,106**
Total assets							**88,293,715**
Segment liabilities	**9,668,815**	**271,933**	**99,236**	**136,637**	**71,707**	**1,592**	**10,249,920**
Creditors and accruals at corporate office							**41,984**
Taxes payable							**2,956,185**
Borrowings							**22,459,009**
Deferred tax liabilities							**2,245,061**
Total liabilities							**37,952,159**

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
AOP 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 30th June 2011	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	49,983,526	14,694,057	1,983,805	113,237	192,837	7,403	66,974,865
Associated companies and jointly controlled entities	2,206,986	7,233,642	582,208	9,756	4,194	10,418	10,047,204
Available-for-sale financial assets							58,362
Property, plant and equipment at corporate office							4,310
Prepayments, debtors and other receivables at corporate office							109,404
Amounts due from related companies at corporate office							568,092
Cash and bank balances at corporate office							1,772,677
Total assets							79,534,914
Segment liabilities	9,890,605	285,487	76,723	67,429	16,280	1,023	10,337,547
Creditors and accruals at corporate office							53,951
Taxes payable							2,005,420
Borrowings							20,904,042
Deferred tax liabilities							2,185,100
Total liabilities							35,486,060

Reconciliations of reportable segment revenues to revenues of the Group and reportable AOP before finance costs and taxation charge to profit before taxation:

		6 months ended 31st December	
		2011	2010
		HK$'000	HK$'000
(i)	**Revenues**		
	Total segment revenues	**7,608,973**	6,596,295
	Less:		
	Revenues of associated companies and jointly controlled entities, attributable to the Group	**(518,683)**	(668,489)
	Revenues as presented in condensed consolidated income statement	**7,090,290**	5,927,806
(ii)	**Profit before taxation**		
	AOP before finance costs and taxation charge	**2,830,816**	1,984,200
	Finance costs – project loans	**(110,113)**	(93,090)
	Corporate income tax and land appreciation tax, net of tax indemnity	**(1,376,655)**	(601,649)
	AOP after finance costs and taxation charge	**1,344,048**	1,289,461
	Net foreign exchange gains	**201,280**	237,345
	Deferred tax credit/(charges) on undistributed profits	**22,353**	(27,012)
	Bank and other interest income - corporate	**3,990**	3,827
	Finance costs – corporate loans	**(38,360)**	(23,055)
	Corporate administrative expenses	**(115,614)**	(98,364)
	AOP after corporate items	**1,417,697**	1,382,202
	Changes in fair value of investment properties, net of deferred taxation	**403,477**	124,930
	Amortisation of intangible assets	**(17,452)**	–
	Gain on repurchase of convertible bonds	–	1,268
		386,025	126,198
	Profit attributable to equity holders of the Company	**1,803,722**	1,508,400
	Taxation charge	**1,655,135**	771,935
	Profit attributable to non-controlling interests	**128,974**	53,560
	Profit before taxation	**3,587,831**	2,333,895

3 Other income

	6 months ended 31st December	
	2011	2010
	HK$'000	HK$'000
Tax indemnity from the ultimate holding company	**224,137**	178,054
Trademark fee income from jointly controlled entities	**79,100**	39,567
Bank and other interest income	**73,933**	58,198
Interest income from jointly controlled entities, net of withholding tax (note)	**43,176**	48,869
Dividend income from available-for-sale financial assets	**–**	160
	420,346	324,848

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	
	2011	2010
	HK$'000	HK$'000
Share of shareholders' loan interest expenses of jointly controlled entities	**(34,216)**	(39,104)

4 Other gains, net

	6 months ended 31st December	
	2011	2010
	HK$'000	HK$'000
Net foreign exchange gains	**209,157**	244,190
Gain on disposal of investment properties	**9,420**	3,358
Gain on repurchase of convertible bonds	**–**	1,268
	218,577	248,816

5 Operating profit before finance costs

	6 months ended 31st December	
	2011	2010
	HK$'000	HK$'000
Operating profit before finance costs is arrived at after charging:		
Cost of properties sold	**2,445,848**	3,499,203
Cost of land preparatory work	**673,076**	–
Depreciation of property, plant and equipment	**97,101**	86,256
Amortisation of land use rights	**11,768**	8,934
Amortisation of intangible assets	**17,452**	–

6 Taxation charge

	6 months ended 31st December	
	2011	2010
	HK$'000	HK$'000
Current taxation		
PRC corporate income tax	**475,003**	347,269
PRC land appreciation tax	**1,140,518**	345,686
Deferred taxation	**39,614**	78,980
	1,655,135	771,935

Share of taxation of associated companies and jointly controlled entities for the six months ended 31st December 2011 of HK$3,935,000 (2010: HK$1,017,000) and HK$127,273,000 (2010: HK$95,949,000) 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 (2010: 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% (2010: 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 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	
	2011	2010
	HK$'000	HK$'000
Profit attributable to equity holders of the Company	**1,803,722**	1,508,400
Interest expense on convertible bonds	–	7,422
Less: gain on repurchase of convertible bonds	–	(1,268)
Profit used to determine diluted earnings per share	**1,803,722**	1,514,554

	Number of shares	
	6 months ended 31st December	
	2011	2010
Weighted average number of shares for calculating basic earnings per share	**5,794,073,016**	5,983,446,636
Effect of dilutive potential shares:		
Share options	**3,809,000**	8,194,558
Convertible bonds	**49,373,873**	48,662,597
Weighted average number of shares for calculating diluted earnings per share	**5,847,255,889**	6,040,303,791

The earnings per share for the six months ended 31st December 2010 have been adjusted to reflect the effect of rights issue during the period.

8 Interim dividend

	6 months ended 31st December	
	2011	2010
	HK$'000	HK$'000
Interim dividend of HK$0.03 (2010: HK$0.03) per share	**259,357**	172,847

The directors have declared an interim dividend of HK$0.03 per share. It will be payable on or about Wednesday, 16th May 2012 to shareholders whose names appear on the Register of Members of the Company on Monday, 16th April 2012.

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 2011 HK$'000	As at 30th June 2011 HK$'000
0 to 30 days	**220,599**	1,158,412
31 to 60 days	**61,886**	32,553
61 to 90 days	**310,895**	73,326
Over 90 days	**259,891**	219,144
	853,271	1,483,435

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 2011 HK$'000	As at 30th June 2011 HK$'000
0 to 30 days	**2,157,321**	2,565,894
31 to 60 days	**404,564**	42,531
61 to 90 days	**27,215**	60,061
Over 90 days	**623,122**	290,714
	3,212,222	2,959,200

BUSINESS REVIEW

In the year of 2011, the global economic overshadowed with complicated effect from the threat of euro-zone sovereign debt crisis worsening, US economy recovery remain slow with political instability in the Middle East and North Africa escalating. Despite the uncertain global economic situation, the Chinese economy performed well in the year 2011 with gross domestic product registered at 9.2% year on year increase reaching RMB47.16 trillion. The growth rate was 1.1 percentage point lower than that registered last year. In 2011, the Central government maintained its prudent macro policies and various tightening measures on property market introduced since April 2010 in an effort to suppress speculative demands and to contain inflation, while at the same time support a balanced economic growth for the country.

While the China economy sustained a growth as a whole, with the continuing enforcement of the tight credit policy and restrictions on home purchases throughout the year, the China property market has inevitably slowed down in the fourth quarter of 2011, particularly in the residential market. Total transacted area of primary residential properties in 20 major cities had witnessed a drop of 6.4% quarter on quarter or a significant decline of 45.4% year on year in the fourth quarter of 2011. However, sale of the less restricted commercial market was not affected by the home purchase restriction and related mortgage policies.

The Group's secured contracted sales during the six months ended 31st December 2011 dropped by 40% to gross floor area ("GFA") of 309,910 sq. m. and gross sale proceeds decreased by 32% to RMB4.209 billion compared to contracted sales secured in the corresponding period last year. The decrease in sales volume reflected the intermittent slowdown in contracted sales resulted from home purchase restrictions, property price-cap policies and tight home mortgage policy. Included in the remaining contracted sales to be recorded, approximately 280,000 sq. m. GFA with gross sales proceeds of approximately RMB3.3 billion are for those projects scheduled to be completed within the next six months and their corresponding sales revenues shall be recorded in the consolidated income statement of the second half of FY2012.

For the six months ended 31st December 2011, the Group recorded a profit attributable to shareholders of HK$1.804 billion which represents a year-on-year increase of 20% from HK$1.508 billion achieved in the first half of FY2011. The Group's attributable operating profit ("AOP") before finance costs and taxation charges during the first half of FY2012 recorded at HK$2.831 billion, an increase of 42% from HK$1.984 billion recorded in the corresponding period last year. The increase in AOP was mainly attributable to the increase in operating results from sale of properties despite a decrease in recorded sale volume due to both decrease in completion of property projects and the adverse impact of austerity measures. The adverse sale volume effect was mitigated by the increase in overall gross profit margin driven by the sale of a high end property project in Guangzhou and sales of less restricted commercial properties which produced higher gross profit margin.

Analysis of Attributable operating profit

	6 months ended 31st December	
	2011	2010
	HK$'000	HK$'000
Property sales	**2,701,621**	1,815,341
Rental operation	**202,607**	213,820
Hotel operation	**(53,757)**	(20,590)
Property management services	**(20,201)**	(7,541)
Hotel management services	**(2,255)**	(19,875)
Other operations	**2,801**	3,045
AOP before finance costs and taxation charge	**2,830,816**	1,984,200
Finance costs – project loans	**(110,113)**	(93,090)
Corporate income tax and land appreciation tax, net of tax indemnity	**(1,376,655)**	(601,649)
AOP after finance costs and taxation charge	**1,344,048**	1,289,461
Net foreign exchange gains	**201,280**	237,345
Deferred tax credit/(charges) on undistributed profits	**22,353**	(27,012)
Bank and other interest income - corporate	**3,990**	3,827
Finance costs – corporate loans	**(38,360)**	(23,055)
Corporate administrative expenses	**(115,614)**	(98,364)
AOP after corporate items	**1,417,697**	1,382,202
Changes in fair value of investment properties, net of deferred taxation	**403,477**	124,930
Amortisation of intangible assets	**(17,452)**	–
Gain on repurchase of convertible bonds	–	1,268
	386,025	126,198
Profit attributable to equity holders of the Company	**1,803,722**	1,508,400

Property sales

During the six months ended 31st December 2011, the Group's AOP from property sales operation rose 49% from an AOP of HK$1,815.34 million achieved in the first half of FY2011 to HK$2,701.62 million. While the AOP from property sale increase, the overall property sale volume of the Group recorded a decrease in GFA of 58% to 262,779 sq. m. with gross sale proceeds registered at approximately RMB4.958 billion. The decrease in property sale volume was mainly due to the decrease in completion of projects from 754,970 sq. m. in the first half of FY2011 to 184,605 sq. m. in the first half of FY2012. Nonetheless, this negative impact was mitigated by the increased in overall gross profit margin during the period under review.

The Group's overall gross profit margin achieved during the period under review had improved further to 57% from a gross profit margin of 37% achieved in the first half of FY2011 mainly due to difference in sale mix of both periods. Included in the property sale revenue for the six months ended 31st December 2011 were sales of a high-end property project in Guangzhou Central Park-view and sales of commercial properties which attracted higher gross profit margin.

In the first half of FY2012, the Group has completed three property development projects in Guangzhou and Zhaoqing with a total GFA of 184,605 sq. m., dropped 76% comparing from that of first half of FY2011.

Development property projects completed in 1H FY2012	**Usage**	**Total GFA (sq. m.)**	**NWCL's interest**
Guangzhou Park Paradise Phase II E (廣州嶺南新世界二期 E)	R, C, P	45,390	100%
Guangzhou Central Park-view Phase II (廣州凱旋新世界二期)	R	57,419	91%
Zhaoqing New Word Garden Phase III (肇慶新世界花園第三期)	R, C, P	81,796	100%
Total		**184,605**	

R: Residential
C: Commercial
P: Carpark

Rental operation

During the six months ended 31st December 2011, the Group's rental operation recorded an AOP of HK$202.607 million, representing a 5% decrease compared to the first half of FY2011. The decrease in AOP from rental operation was mainly due to reduced rental contribution from Shanghai Hong Kong New World Tower resulted from closure of shopping arcade for massive renovation during the period and decrease in monthly rental rates of office tower upon renewal of tenancy. The pre-matured operating results of Beijing Baoding Tower shopping mall and the Galleria, Dalian also led to the decrease in AOP from rental operation of the period under review.

Hotel operation

During the six months ended 31st December 2011, the AOP from hotel operation recorded at a loss of HK$53.757 million as opposed to a loss of HK$20.590 million recorded in the corresponding period last year. The decrease in overall AOP from hotel operation was mainly due to decrease in room rate and occupancy rate of New World Shanghai Hotel comparing to the corresponding period last year which was boosted by the unprecedented demand from The Shanghai Expo.

The Group's hotel portfolio currently comprises seven hotels with 2,538 rooms.

Hotel portfolio	Number of rooms
pentahotel Beijing (北京貝爾特酒店)	299
New World Shanghai Hotel (上海巴黎春天新世界酒店)	605
pentahotel Shanghai (上海貝爾特酒店)	259
New World Shenyang Hotel (瀋陽新世界酒店)	258
New World Dalian Hotel (大連新世界酒店)	420
New World Wuhan Hotel (武漢新世界酒店)	327
New World Shunde Hotel (順德新世界酒店)	370
Total	**2,538**

Hotel management services

During the six months ended 31st December 2011, the AOP from hotel management services recorded at a loss of HK$2.255 million as opposed to a loss of HK$19.875 million in the corresponding period last year. The increase in AOP from hotel management services was attributable to the increase in hotel management services fee income due to acquisition of Rosewood Hotels and Resorts Group during the period and also securing new hotel management contracts and technical service contracts, amongst other, Chancery Court Hotel London, New World Saigon Hotel and 2 MacDonnell Road Hostel during the period.

OUTLOOK

In response to domestic and international market ups and downs, a number of austerity measures have been rolled out by the Central Government in 2011 for tightening market liquidity and curbing speculation and thus alleviating the inflation brought by the possibly overheating economy. In particular, the Central Government sought to achieve the objective of "Housing for All" by furthering austerity measures on property markets in certain cities and continuously investing in the development of public rental housing. Such policies have taken initial effects resulting in effective suppression on speculative housing demand in certain overheated first tier cities. Overall, the property market has shown a healthy, orderly and steady development. The concrete demand of general public and housing demand of the underprivileged are expected to be gradually satisfied.

In regard to the ever-changing environment, the Central Government and local governments are expected to adjust austerity measures from time to time. With a view to ensuring stable market development, local governments are currently reviewing work plans for the year and formulating reasonable growth targets for property prices according to actual situations of their local economies. For the domestic property market, greater development potential were seen in second and third tier cities, where property prices are at relatively healthy level, economic development is rapid, room for population growth is ample and urban redevelopment projects have created strong concrete demand for housing.

Taking its pioneer steps as early as 2006, the Group has diversified its geographic coverage in cities of different tiers in Mainland China. At present, NWCL has total land bank held for property development of approximately 26 million sq. m. spreading across over 20 major hubs in Mainland China, among which over 70% of residential GFA locates in second and third tier cities. These projects, most of which are situated at locations with vast development potential in such cities, are making increasing profit contributions to the Group's property sales, with satisfactory increase in overall gross profit. Looking forward, the Group will continue to adhere to the notion of diversified property development and continue to launch high-end and quality products suiting the general public. By such dual development, we will be able to satisfy the requirements of home purchasers in the market.

Austerity measures on the property market are anticipated to continue with a view to expediting market consolidation and ensuring long term, healthy and steady development of the market. The Group will closely monitor the overall market trend at home and abroad, and be ready to expand its Mainland China operations in a prudently manner. With a sound financial position of a low net gearing at 23% and sufficient credit facilities, the Group will be offered with sufficient flexibility to grasp market opportunities and respond to the challenges.

In the second half of FY2012, the Group plans to complete eight projects with a total GFA of 819,047 sq. m..

Properties to be completed in 2H FY2012	**Usage**	**Total GFA (sq. m.)**	**NWCL's interest**
Wuhan Guanggu New World Centre Phase I (武漢光谷新世界中心一期)	R	137,434	100%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C, P	52,591	60%
Wuhan Menghu Garden Phase III (武漢夢湖香郡三期)	R	25,633	100%
Changsha La Ville New World Phase IIB (長沙新城新世界二期 B)	R, P	121,563	48%
Chengdu New World Riverside Phase I (成都河畔新世界一期)	R	142,895	30%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, C, P	246,541	50%
Guangzhou Central Park-view Phase II (廣州凱旋新世界二期)	R, P	65,570	91%
Guangzhou Park Paradise Phase IV (廣州嶺南新世界四期)	R, P	26,820	100%
Total		**819,047**	

LIQUIDITY AND CAPITAL RESOURCES

As at 31st December 2011, the Group's cash and bank deposits amounted to HK$10,864 million (30th June 2011: HK$10,651 million). During the six months ended 31st December 2011, the Company issued 2,881,306,455 shares of HK$0.10 each at HK$1.49 per rights share by way of rights issue on the basis of one rights share for every existing two shares. The net proceed will be used for general working capital of the Group.

The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK$11,595 million (30th June 2011: HK$10,253 million), translating into a gearing ratio of 23% (30th June 2011: 23%). 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 2011 totalled HK$20,577 million (30th June 2011: HK$19,110 million) of which 23% were secured by way of charges over assets and 77% were unsecured.

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

	As at 31st December 2011 HK$'million	As at 30th June 2011 HK$'million
Repayable:		
Within one year	**6,473**	6,753
Between one and two years	**2,768**	4,110
Between two and five years	**8,929**	6,086
Over five years	**2,407**	2,161
Total	**20,577**	19,110

As at 31st December 2011, the Group's committed unutilised bank loan facilities amounted to HK$4,137 million (30th June 2011: HK$5,821 million).

Capital expenditure commitments

The capital expenditure commitments of the Group as at 31st December 2011 were HK$1,239,458,000 (30th June 2011: HK$2,271,422,000) of which HK$881,650,000 (30th June 2011: HK$2,163,422,000) were contracted but not provided for in the financial statements and HK$357,808,000 (30th June 2011: 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$148,833,000 (30th June 2011: HK$229,597,000). 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 2011, the Group has contingent liabilities of approximately HK$1,917,801,000 (30th June 2011: HK$2,254,955,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain jointly controlled entities.

As at 31st December 2011, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group and the Group's attributable portion of outstanding mortgage loans under these guarantees amounted to HK$1,308,316,000 (30th June 2011: HK$1,158,962,000).

DETAILS OF CHARGES ON GROUP'S ASSETS

As at 31st December 2011, the Group's property, plant and equipment, investment properties, land use rights, properties held for development, properties under development and bank deposits of HK$447,010,000 (30th June 2011: HK$461,162,000), HK$4,837,746,000 (30th June 2011: HK$4,527,171,000), HK$239,041,000 (30th June 2011: HK$239,538,000), HK$973,226,000 (30th June 2011: HK$1,067,140,000), HK$3,474,934,000 (30th June 2011: HK$2,395,669,000) and HK$9,946,000 (30th June 2011: HK$10,355,000) respectively have been pledged as securities for short term and long term bank borrowings.

MAJOR ACQUISITION OR DISPOSAL

In July 2011, the Group acquired 100% interest in Rosewood Hotels and Resorts, L.L.C. ("Rosewood") and the intellectual property rights of "Carlyle", a hotel brand, for a consideration of HK$2,049,329,000. The acquisition was completed on 29th July 2011 and Rosewood became a wholly owned subsidiary of the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 31st December 2011, the Group has 6,260 full-time employees. Total staff related costs incurred during the period under review were HK$248 million (2010: HK$173 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 2011 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 2011 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 2011, 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

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

DIVIDEND

The Directors have declared an interim dividend of HK$0.03 per share for the year ending 30th June 2012. The interim dividend will be paid on or about Wednesday, 16th May 2012 to the shareholders on the Register of Members as at Monday, 16th April 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Friday, 13th April 2012 to Monday, 16th April 2012 (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, 12th April 2012.

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

Hong Kong, 29th February 2012

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) three non-executive directors, namely Mr. Doo Wai-hoi, William, Mr. Chow Kwai-cheung and Mr. Chow Yu-chun, Alexander; and (3) three independent non-executive directors, namely Dr. 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).