



Interim Results Announcement 2002/2003

RESULTS

The unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31st December 2002 were as follows:

Note	Unaudited	
	6 months ended 31st December 2002 HK\$'000	2001 HK\$'000
Turnover	378,362	502,380
Cost of sales	(289,834)	(305,033)
Gross profit	88,528	197,347
Other revenue	3,494	61,823
Other income/(charges)	36,355	(8,088)
Selling expenses	(14,388)	(18,759)
Administrative expenses	(20,157)	(18,950)
Other operating expenses	(67,445)	(75,817)
Operating profit before financing	6,387	137,556
Finance costs	(12,794)	(16,147)
Share of results of		
Associated companies	789	(3,836)
Jointly controlled entities	22,086	(13,982)
Profit before taxation	16,468	103,591
Taxation	(11,153)	7,371
Profit after taxation	5,315	96,220
Minority interests	11,753	4,422
Profit attributable to shareholders	17,068	100,642
Earnings per share		
Basic	1.15 cents	6.80 cents
Diluted	N/A	6.77 cents

Notes:

1. Principal accounting policies

The unaudited interim financial statements have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting", issued by the Hong Kong Society of Accountants ("HKSA"), and Appendix 16 of the Listing Rules of the Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of these financial statements are consistent with accounting principles adopted in the preparation of the Group's annual financial statements for the year ended 30th June 2002 except that the Group has changed certain of its accounting policies following its adoption of the following SSAPs issued by the HKSA which are effective for accounting periods commencing on or after 1st January 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 34	:	Employee benefits

The adoption of the above new/revised SSAPs has no material effect on the interim financial statements of the Group for the period ended 31st December 2002. Certain presentational changes have been made upon implementation of SSAP 1 (revised) and SSAP 15 (revised).

In addition, certain comparative figures of the consolidated profit and loss account have been reclassified for the purpose of presenting an extended analysis of expenses. The directors consider that this extended analysis provides a more meaningful presentation of the Group's results.

The interim financial results, which are unaudited, have been reviewed by the Audit Committee. At the request of directors, the Group's external auditors have carried out a review of these interim financial statements in accordance with the Statement of Auditing Standards 700 issued by the HKSA.

2. Turnover and segment information

The Group is principally engaged in development and investment of property projects in the People's Republic of China ("PRC"). Turnover comprises gross proceeds from sales of properties, revenue from rental operation, property management services fee income, project management fee income and interest income in respect of loan financing provided to associated companies and joint ventures, net of withholding tax.

	6 months ended 31st December	
	2002 HK\$'000	2001 HK\$'000
Sales of properties	273,346	312,571
Rental income	51,094	61,033
Property management services fee income	10,928	1,580
Project management fee income	6,616	-
Income from other joint ventures	-	56,213
	341,984	431,397
Interest income less withholding tax	36,378	70,983
	378,362	502,380

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

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

6 months ended 31st December 2002	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment revenues	310,359	50,554	5,981	11,468	378,362
Segment results	12,889	46,055	5,065	(10,221)	53,788
Bank and other interest income					3,494
Net gain on disposal of other investments					3,650
Corporate expenses					(54,545)
Operating profit before financing					6,387
Finance costs					(12,794)
Share of results of					
Associated companies	(1,264)	357	1,696	-	789
Jointly controlled entities	(5,724)	20,838	4,298	2,674	22,086
Profit before taxation					16,468
Taxation					(11,153)
Profit after taxation					5,315
Minority interests					11,753
Profit attributable to shareholders					17,068

6 months ended 31st December 2001	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment revenues	439,766	61,033	-	1,581	502,380
Segment results	103,877	37,152	(40)	37	141,026
Bank and other interest income					57,685
Net loss on disposal of subsidiaries					(8,088)
Corporate expenses					(53,067)
Operating profit before financing					137,556
Finance costs					(16,147)
Share of results of					
Associated companies	(4,351)	(369)	884	-	(3,836)
Jointly controlled entities	(38,346)	16,639	7,968	(243)	(13,982)
Profit before taxation					103,591
Taxation					(7,371)
Profit after taxation					96,220
Minority interests					4,422
Profit attributable to shareholders					100,642

3. Other income/(charges)

	6 months ended 31st December	
	2002 HK\$'000	2001 HK\$'000
Write-back of provision for amounts due from joint ventures	35,294	-
Write-back of provision for diminution in value of properties	3,813	-
Net gain/(loss) on disposal of other investments/subsidiaries	3,650	(8,088)
Provision for diminution in value of completed properties held for sale	(2,698)	-
Provision for diminution due from a joint venture	(3,704)	-
	36,355	(8,088)

4. Operating profit before financing

	6 months ended 31st December	
	2002 HK\$'000	2001 HK\$'000
Operating profit before financing is arrived at after charging:		
Staff costs	(46,908)	(51,557)
Depreciation	(12,303)	(5,865)
Amortisation of deferred expenditure	(2,645)	(1,825)

5. Taxation

	6 months ended 31st December	
	2002 HK\$'000	2001 HK\$'000
PRC income tax		
Company and subsidiaries	1,825	576
Associated companies	(232)	-
Jointly controlled entities	9,560	6,795
	11,153	7,371

No provision for Hong Kong profits tax has been made within the Group as the Group has no assessable profits in Hong Kong for the period (2001: Nil). PRC income tax has been provided on the estimated assessable profits of a subsidiary operating in the PRC at the applicable rate of taxation.

The Group's associated companies and jointly controlled entities established in the PRC are required to pay income tax at the rate of 33% (2001: 33%).

6. Dividend

The directors do not declare the payment of a dividend for the six months ended 31st December 2002 (2001: Nil).

7. Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$17,068,000 (2001: HK\$100,642,000) and the diluted average of 1,481,941,068 shares (2001: 1,480,338,406 shares) in issue during the period.

The weighted average per share is not presented for the period ended 31st December 2002 as the exercise of subscription rights attached to the share options would not have a dilutive effect on the earnings per share. Diluted earnings per share for the period ended 31st December 2001 was based on profit attributable to shareholders of HK\$100,642,000 divided by 1,480,338,406 shares which was the weighted average number of shares in issue during the period ended 31st December 2001 plus the weighted average of 6,749,129 shares deemed to be issued at no consideration as if all outstanding share options had been exercised.

BUSINESS REVIEW

For the period under review, New World China Land Limited ("NWCL") recorded a turnover of HK\$378.4 million. The net profit attributable to shareholders amounted to HK\$17.1 million. Earnings per share were 1.15 HK cents.

The decrease in turnover and profit were mainly due to the slight delay of completion in existing phase of Wuhan Changqing Garden. In the first half of FY2002, Wuhan Changqing Garden contributed 87% of the Group's attributable operating profit ("AOP"). Excluding the contribution from Wuhan Changqing Garden, AOP contributions from property sales have actually grown 87% against same period last year. In fact, over 37% by saleable area of the projects completed during the period under review were sold as at December 2002.

For projects completed on or before FY2002, there was 67% growth in the saleable area of inventory sold against same period last year. The clearance sales of inventory generated an inevitable negative contribution to AOP as a result of price-cut in inventory, especially in those of Guangzhou.

For the period under review, AOP from rental operation before write-back of provision amounted to HK\$46.9 million, 17% drop against same period last year. The decrease was mainly due to the high initial costs of the Group's newly completed investment property in Shanghai, Ramada Plaza. However, given the growing importance of Shanghai as an international metropolis, our two major investment properties in Shanghai, Hong Kong New World Tower and Ramada Plaza, are well positioned to capture the increasing demand for prime location office space and high-end residential space in the coming years.

The increase in contribution from our hotel sector was attributable to the improved average occupancy rates of the NWCL's hotels and lower borrowing costs.

ANALYSIS OF AOP BY ACTIVITIES

The Group's AOP by business activities is as follows:

	6 months ended 31st December	
	2002 HK\$'000	2001 HK\$'000
Property sales	(2,705)	55,126
Rental operation	76,508	56,707
Hotel operation	11,060	8,812
Property management	(7,600)	(386)
AOP	77,263	120,259
Finance costs	(12,794)	(16,147)
Bank and other interest income	3,494	57,685
Net gain/(loss) on disposal of other investments/subsidiaries	3,650	(8,088)
Corporate expenses	(54,545)	(53,067)
Profit attributable to shareholders	17,068	100,642

PROPERTY DEVELOPMENT

For the period under review, the Group has completed 12 development projects with a total Gross Floor Area ("GFA") of over 333,000 sq.m., which are located in Beijing, Shenyang, Jinan, Hefei, Guangzhou and the Pearl Delta River. The AOP from property sales recorded a loss of HK\$2.7 million.

Development projects completed during the first half of FY2003

Projects	Usage	Total GFA (sq.m.)	NWCL's attributable interest
Northern Region			
Beijing New World Garden Phase I	O, Oth	36,218	70%
Northeast Region			
Shenyang New World Garden Phase IB	R, Oth	19,102	90%
Central Region			
Jinan Sunshine Garden Phase I	R	18,382	65%
Hefei New World Garden Phase II	R, C, Oth	19,800	60%
Southern Region			
Guangzhou Covent Garden Phase IB	R	10,000	60%
Guangzhou Fangcao Garden Phase I	R	48,202	40%
Guangzhou Dong Yi Garden Phase II	R, Oth	57,929	100%
Guangzhou Park Paradise Phase IIA	R	42,921	60%
Huiyang Palm Island Golf Resort Phase II	R	1,505	34%
Huiyang Palm Island Golf Resort Phase III	R	18,732	34%
Zhuhai New World Riviera Garden Phase I	R	10,311	60%
Haikou New World Garden Phase I	R	50,230	60%
Total		333,332	

R : Residential
C : Commercial
O : Office
Oth : Others

In the second half of FY2003, 7 projects with a total GFA of 398,433 sq.m. are scheduled for completion. So far, the pre-sale progress of these projects has been satisfactory.

With the continued strong demand for property in Mainland China coupled with the accelerated rate at which our projects are being completed, NWCL is well positioned to capture the growth from property sales.

Development projects to be completed in the second half of FY2003

Projects	Usage	Total GFA (sq.m.)	NWCL's attributable interest
Central Region			
Nanjing New World Centre	R	73,940	92%
Jinan Sunshine Garden Phase I	R	39,329	65%
Wuhan Changqing Garden Phase IV	R	168,155	60%
Southern Region			
Guangzhou Covent Garden Phase II	R	11,600	60%
Guangzhou Park Paradise Phase IIB	R	55,235	60%
Guangzhou Xintang New World Garden Phase II	R	13,674	60%
Zhaoqing New World Garden Phase I	R	36,500	40%
Total		398,433	

PROPERTY INVESTMENT

The Group's rental operation reported segment revenue of HK\$50.6 million for the period under review while AOP contribution amounted to HK\$76.5 million.

3 investment properties were completed and launched to the market during the first half of FY2003. These properties are combination of residential apartments, commercial and office space with a total GFA of over 148,000 sq.m.

Investment properties completed during the first half of FY2003

Projects	Usage	Total GFA (sq.m.)	NWCL's attributable interest
Dalian New World Plaza Phase II	C, Oth	68,275	88%
Shanghai Ramada Plaza	R, C	61,651	61.8%
Guangzhou New World Oriental Garden Phase I	C	18,889	100%
Total		148,815	

2 projects located in Nanjing and Shanghai are scheduled for completion in the second half of FY2003. With prime locations and best-in-class quality, the Group's investment properties in various major Chinese cities should be able to capture the growing demand in the market.

Together with the existing 10 completed investment properties with a total GFA of over 490,000 sq.m., the Group's rental operation will generate stronger cash flow and enhance the recurrent income base of the Group.

Investment properties to be completed in the second half of FY2003

Projects	Usage	Total GFA (sq.m.)	NWCL's attributable interest
Nanjing New World Centre	C, O, Oth	118,934	92%
Shanghai Hong Kong New World Tower	C, O, Oth	137,746	44.1%
Total		256,680	

LIQUIDITY AND CAPITAL RESOURCES

As at 31st December 2002, the Group's cash and bank deposits amounted to HK\$1,451 million (30th June 2002: HK\$1,451 million). Its consolidated net debt amounted to HK\$5,113 million (30th June 2002: HK\$4,017 million), translating into a gearing ratio of 29% (30th June 2002: 22%).

The Group maintained a balanced debt profile with adequate risk diversification through specifying the preferred mix of fixed and floating rate debt, the permitted currency exposure and a well-balanced spread of maturity.

The bank loans due within the 12 months to December 2003 amount to HK\$1,334 million, which should be comfortably served by our cash on hand of HK\$1,451 million and by improved property sales proceeds and rental income.

As at 31st December 2002, the Group's committed unutilised bank loan facilities amounted to HK\$890 million (30th June 2002: HK\$514 million).

CONTINGENT LIABILITIES

As at 31st December 2002, the Group has contingent liabilities of approximately HK\$1,709,295,000 (30th June 2002: HK\$1,381,447,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. The rise in contingent liabilities indicates the continuing financing requirements of the Group's property projects.

MAJOR ACQUISITION AND DISPOSAL

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

DETAILS OF THE CHARGES ON GROUP'S ASSETS

As at 31st December 2002, the Group's investment properties, assets under construction, completed properties held for sale and bank deposits of HK\$221,286,000 (30th June 2002: HK\$220,484,000), HK\$1,108,440,000 (30th June 2002: HK\$340,779,000), HK\$116,642,000 (30th June 2002: HK\$116,808,000) and HK\$529,430,000 (30th June 2002: HK\$603,114,000) respectively have been pledged as securities for short term and long term loans.

EMPLOYEE'S INFORMATION

As at 31st December 2002, the Group had 1,221 full-time employees. Remuneration of the employees are reviewed annually based on the assessment of individual performance.

OUTLOOK

With China's robust demand for housing, liberal mortgage policies and the emergence of a secondary property market, the Group remains very positive on the overall Mainland China property market. After winning its bid to host the 2008 Olympics in Beijing and its successful WTO accession, Mainland China continues to solidify its prominent global status by hosting the 2010 World Expo and establish a Universal Studio in Shanghai. These achievements further confirm the growth and prospect of Mainland China despite the current background of global economic uncertainty. In addition, these developments support our on-going commitment to become one of the Mainland China's major national property developers with footprints on the country's most important cities. With a strong base in Mainland China's major cities, we aim to capture the ever-rising demand in the market.

Furthermore, the Group is well positioned to capture growth in Mainland China market given its diversified property portfolio across sectors, comprehensive geographic coverage and localised business units and localised management team who can adapt international business strategies to the local environments. Given our competitive advantages, coupled with our strategy to differentiate the NWCL brand by maintaining its reputation for providing best-in-class products and service quality, the future prospects of the Group remain very promising.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE EXCHANGE'S WEBSITE

A detailed results announcement containing all the information required by paragraphs 46(1) to 46(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange of Hong Kong Limited.

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

Hong Kong, 20th March 2003