



Government Policies

Business Opportunities

Pearl River Delta

Guangzhou

2006/2007 Interim Report

Beijing

Shanghai

Wuhan

Shenyang

Chengdu

Changsha

Dalian



New World China Land Limited
(Stock Code : 0917)

Chairman's Statement

To Our Shareholders,

For the six months ended 31st December 2006, New World China Land recorded a turnover of HK\$1,065 million, up 43% year-on-year. Profit attributable to shareholders amounted to HK\$406 million, an increase of 107% over first half of FY2006. The significant increase in profit for the period was attributable to improved performance achieved by all three major operations of the Group, namely property sale, rental operation and hotel operation. The Group declared 2 HK cents interim dividend.

China achieved a 10.7% GDP growth in 2006, the fourth consecutive year of double-digit growth. The resilient economic growth and stable increase of average income per capita have supported the stable growth of real estate market in Mainland China. In 2006, the population in urban area accounted for 43.9% of the total population in Mainland China. New World China Land will benefit from the urbanisation in Mainland China by continuously producing quality products to the market. In particular, NWCL is at the best position to serve the market, given most of the Group's land bank is located in the downtown areas of key cities.

In 2006, the Group acquired several new projects located in mid-western part of Mainland China. The decision was based on our positive view on the property market in that region. Firstly, the lower land costs in these secondary cities will translate into better margins. Secondly, the rapid development of the mid-western cities, under the strong support from the central government, means a higher growth potential.

New World China Land develops wide ranges and types of properties to cater for varying demands on sizes and functions from different market segments. Our dedicated professionalism in our approach to projects and wide embracing experiences have enabled us to handle the stringent demand of multi-product lines with ease.

Dr Cheng Kar-shun, Henry

Chairman and Managing Director

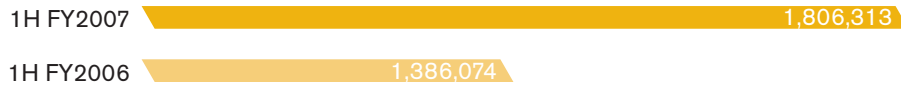
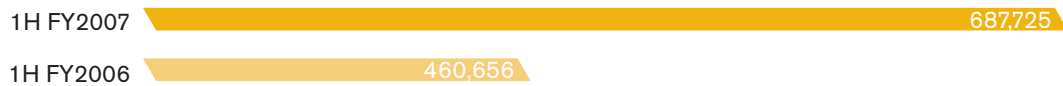
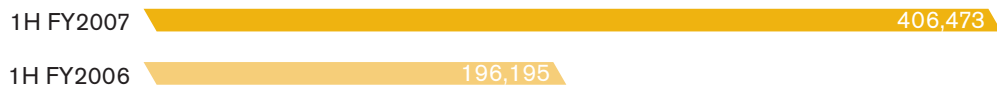
Hong Kong, 16th March 2007

Key Financial Data

	6 months ended 31st December	
	2006	2005
Operating Result (HK\$'000)		
Turnover		
Company and subsidiaries	1,065,183	745,131
Share of associated companies and jointly controlled entities (note 1)	741,130	640,943
	1,806,313	1,386,074
Representing:		
Sale of properties	1,265,911	961,639
Rental income	335,950	269,649
Income from hotel operations	159,511	124,987
Property management services fees income	44,652	26,707
Project management fee income	289	3,092
	1,806,313	1,386,074
Gross Profit (HK\$'000)		
Company and subsidiaries	372,501	283,538
Share of associated companies and jointly controlled entities (note 2)	315,224	177,118
	687,725	460,656
Profit attributable to equity holders of the Company (HK\$'000)	406,473	196,195
Earnings per share (HK cents)		
Basic and diluted	10.62	5.19
Interim dividend per share (HK cents)	2.00	–
	As at	As at
	31st December	30th June
	2006	2006
Financial Position (HK\$ million)		
Cash and bank balances	2,938.6	2,851.9
Total assets	38,452.2	34,002.1
Total liabilities	12,713.7	9,790.5
Capital and reserves attributable to the Company's equity holders	24,718.2	24,035.0
Financial Ratios		
Current ratio (times)	2.98	2.75
Net debt to equity ratio	20.4%	12.8%

Note 1: It represents attributable share of turnover of associated companies and jointly controlled entities to the Group.

Note 2: It represents attributable share of gross profit of associated companies and jointly controlled entities to the Group.

Turnover (note 1) (HK\$'000)**Gross Profit** (note 2) (HK\$'000)**Profit Attributable to Equity Holders of the Company** (HK\$'000)**Total Assets** (HK\$ million)**Capital and Reserves Attributable to the Company's Equity Holders** (HK\$ million)**Cash and Bank Balances** (HK\$ million)

Note 1: It represents turnover of the Company and subsidiaries plus share of associated companies and jointly controlled entities attributable to the Group as tabulated on page 2.

Note 2: It represents gross profit of the Company and subsidiaries plus share of associated companies and jointly controlled entities attributable to the Group as tabulated on page 2.

Management Discussion and Analysis

BUSINESS REVIEW

In the first half of FY2007, the Group has recorded a profit of HK\$406 million, an increase of 107% over first half of FY2006. The significant increase in profit for the period was attributable to improved performance achieved by all three major operations of the Group, namely property sale, rental operation and hotel operation. The Attributable operating profit ("AOP") before provisions, finance costs and increase in fair value of investment properties amounted to HK\$246 million, representing an increase of over 193% over that of corresponding period last year.

Earnings per share were HK\$10.62 cents, doubled of what they were in first half of FY2006.

Analysis of Attributable operating profit

	6 months ended 31st December	
	2006 HK\$'000	2005 HK\$'000
Property sale	91,631	9,900
Rental operation	142,006	77,176
Hotel operation	14,259	(1,344)
Property management services	176	(1,258)
Others	(2,117)	(735)
AOP before provision and finance costs	245,955	83,739
Increase in fair value of investment properties	138,179	131,001
Provisions	(2,543)	–
Provisions written back	–	49,431
Tax indemnity from the ultimate holding company	64,357	–
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	1,893	–
Impairment of goodwill	(7,096)	(26,955)
Finance costs – project loans	(63,433)	(28,352)
AOP	377,312	208,864
Finance costs – corporate loans	(59,104)	(39,573)
Corporate administrative expenses	(68,508)	(43,845)
Net foreign exchange gains/(losses)	133,906	(8,185)
Bank and other interest income	22,867	78,934
Profit attributable to equity holders of the Company	406,473	196,195

Property sales

During the period under review, property sale operation has achieved a marked increase in AOP to HK\$92 million or an increase of 825% over that of corresponding period last year. In the first half of FY2007, the Group has completed three property development projects in Guangzhou with a total gross floor area ("GFA") of 130,114 sq.m., among which over 93% were sold. Even with slightly less GFA completed in the first half of FY2007 compared to the corresponding period ended 31st December 2006, the Group has achieved higher profit margin both from sale of property units completed during current period and from sale of inventory. A total GFA of 205,204 sq.m. were sold generating over HK\$1.6 billion gross sale proceeds. As at 31st December 2006, the Group had a total of 309,488 sq.m. GFA development property available for sale.

Development property projects completed during 1st half FY2007	Usage	Total GFA (sq.m.)	NWCL's interest
Guangzhou Dong Yi Garden Phase IV (廣州東逸花園四期)	R	77,261	100%
Guangzhou Concord New World Phase II (廣州協和•新世界二期)	R, C, P	44,073	40%
Guangzhou Park Paradise Phase IID2 (廣州嶺南新世界二期D2)	R	8,780	60%
Total		130,114	

R: Residential

C: Commercial

O: Office

P: Carpark

Rental Operation

The Group's investment properties portfolio has been increased by 57,086 sq.m., mainly from completion of Wuhan New World Centre shopping arcade and car parks at Guangzhou Dong Yi Garden.

Benefited from the continuing improvement in rental performance of shopping arcade of Beijing New World Centre, the Group has achieved an AOP from rental operation of HK\$142 million or an increase of 84% as compared to first half of FY2006. AOP from rental operation was further enhanced with increasing occupancy rates and unit rent rate upon renewal of tenancy. The effect was particularly prominent for Shanghai Hong Kong New World Tower, Wuhan New World Trade Tower I and Shanghai Belvedere Apartment.

Investment properties completed during 1st half FY2007	Usage	Total GFA (sq.m.)	NWCL's interest
Wuhan New World Centre (武漢新世界中心)	C	43,492	100%
Guangzhou Dong Yi Garden Phase IV (廣州東逸花園四期)	C, P	12,975	100%
Jinan Sunshine Garden Phase II (濟南新世界陽光花園二期)	C	619	73%
Total		57,086	

Management Discussion and Analysis

Hotel operation

The Group's hotel portfolio currently comprises 4 hotels providing 1,790 guest rooms. During the period under review, hotel operation registered an AOP of HK\$14 million, on the back of improved average room rate and occupancy rate, particularly for New World Mayfair Hotel Shanghai. With the re-opening of Shenyang New World Hotel in September 2006, it is anticipated that the AOP of hotel operation will improve further.

Hotel portfolio	Number of rooms
Courtyard by Marriot Beijing (北京萬怡酒店)	293
New World Mayfair Hotel Shanghai (上海巴黎春天大酒店)	860
New World Hotel Shenyang (瀋陽新世界酒店)	261
Courtyard by Marriot Shunde (順德新世界萬怡酒店)	376
Total	1,790

Increase in fair value of investment properties

During the period under review, the fair value of the group's investment properties has been increased by a gross total of HK\$302 million of which an aggregate amount of HK\$138 million net of tax was attributable to the Group. Beijing New World Centre, Wuhan New World Trade Tower I and Guangzhou Central Park-view are the key contributor to this gain.

Net foreign exchange gains

The Renminbi has been further appreciated by over 3% during the period under review when the net monetary liabilities in foreign currency held in Hong Kong was exposed to devaluation and the fund resources for loan repayment would be saved accordingly. The net exchange difference was realised as exchange gains which amounted to HK\$134 million in the first half of FY2007.

LIQUIDITY AND CAPITAL RESOURCES

As at 31st December 2006, the Group's cash and bank deposits amounted to HK\$2,939 million (30th June 2006: HK\$2,852 million). The Group's consolidated net debt (aggregate of borrowings from banks and fellow subsidiaries, net of cash and bank balances) amounted to HK\$5,241 million (30th June 2006: HK\$3,098 million), translating into a gearing ratio of 20.4% (30th June 2006: 12.8%). The gearing ratio is calculated on the basis of net debts over shareholders' funds. The increase in net debt was mainly due to increase in financing requirement to kick off the development of certain property development projects, namely Haikou Meilisha.

The Group's borrowings from banks and fellow subsidiaries as at 31st December 2006 totaling HK\$8,180 million (30th June 2006: HK\$5,950 million) of which 20%, 15%, 64% and 1% are repayable respectively within one year, one to two years, two to five years and over five years.

As at 31st December 2006, the Group's committed unutilised bank loan facilities amounted to HK\$1,575 million (30th June 2006: HK\$1,003 million).

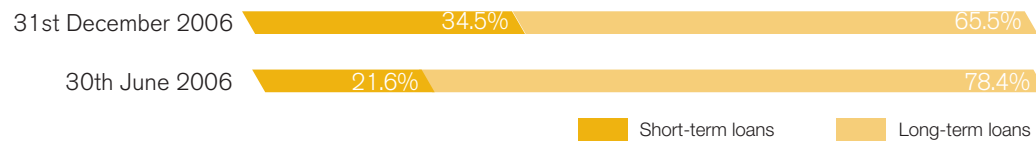
Capital commitments

The capital expenditure commitments of the Group as at 31st December 2006 were HK\$146,562,000 (30th June 2006: HK\$781,459,000) of which HK\$38,462,000 (30th June 2006: HK\$673,459,000) were contracted but not provided for in the financial statements and HK\$108,100,000 (30th June 2006: HK\$108,100,000) were authorised but not contracted for. The Group did not have any share of capital commitments of jointly controlled entities (30th June 2006: Nil). The source of funding capital commitments are internally generated resources and bank loan facilities.

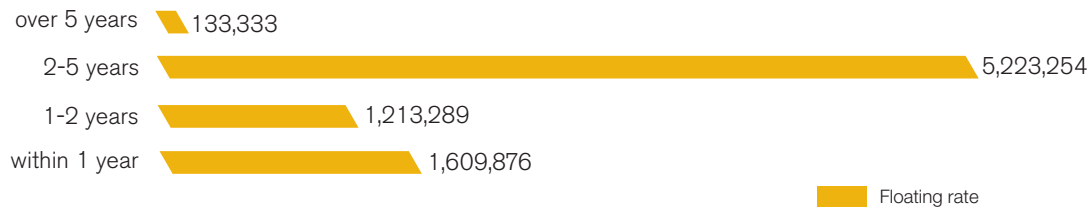
Foreign currency exposure

The Group has net Renminbi exposure in the form of net monetary and non-monetary assets held and investment in PRC entities. During the period under review, the Group has not used any foreign currency derivatives product to hedge its exposure to currency risk.

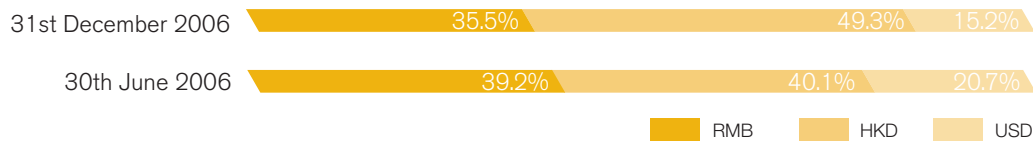
Source of Borrowings



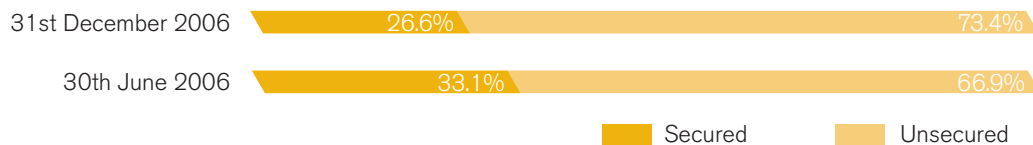
Interest Rate and Maturity Profile (HK\$'000)



Currency Profile of Borrowings



Nature of Debt



Management Discussion and Analysis

CONTINGENT LIABILITIES

As at 31st December 2006, the Group has contingent liabilities of approximately HK\$2,088,283,000 (30th June 2006: HK\$1,279,322,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. The increase in contingent liabilities was due to the continuing financing requirements of certain projects of the Group.

As at 31st December 2006, 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\$196,236,000 (30th June 2006: HK\$407,066,000).

DETAILS OF CHARGES ON GROUP'S ASSETS

As at 31st December 2006, the Group's property, plant and equipment, investment properties, land use rights, properties under development, and bank deposits of HK\$444,331,000 (30th June 2006: HK\$534,049,000), HK\$1,734,388,000 (30th June 2006: HK\$1,651,688,000), HK\$143,697,000 (30th June 2006: HK\$139,900,000), HK\$86,081,000 (30th June 2006: HK\$53,577,000), HK\$494,793,000 (30th June 2006: HK\$489,671,000) respectively have been pledged as securities for short term and long term loans.

OUTLOOK

China achieved a 10.7% GDP growth in 2006, the fourth consecutive year of double-digit growth. The resilient economic growth and stable increase of average income per capita have supported the stable growth of real estate market in Mainland China. In 2006, the population in urban area accounted for 43.9% of the total population in Mainland China. NWCL will benefit from the urbanization in Mainland China by continuously producing quality products to the market. In particular, NWCL is at the best position to serve the market, given most of the Group's land bank is located in the downtown areas of key cities.

In May 2006, the central government announced several directives to regulate the market. It is normal to have new measures announced from time to time for a developing real estate market. Most importantly, the central government is directing the market along a healthy and stable long-term development path. In the past few years, both developers and end-users have enjoyed observable benefits under a fairer and more transparent market. NWCL is optimistic about the future prospect of local property market.

In 2006, the Group acquired several new projects located in mid-western part of Mainland China. The decision was based on our positive view on the property market in that region. Firstly, the lower land costs in these secondary cities will translate into better margins. Secondly, the rapid development of the mid-western cities, under the strong support from the central government, means a higher growth potential.

Properties to be completed in 2nd half FY2007	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing Xin Yi Garden Phase II (北京新怡家園二期)	R, C	55,960	70%
Beijing Xin Yu Garden Phase II (北京新裕家園二期)	R, O, C	36,645	70%
Tianjin Xin Chun Hua Yuan Phase III (天津新春花苑三期)	R, C, P	44,490	60%
Wuhan New World Centre (武漢新世界中心)	R, O, P	195,987	100%
Wuhan Menghu Garden Phase III (武漢夢湖香郡三期)	R	26,663	70%
Wuhan Changqing Garden Phase VIB (武漢常青花園六期B)	R, C	69,620	60%
Guangzhou Park Paradise Phase IID2 (廣州嶺南新世界家園二期D2)	R, C, P	32,467	60%
Guangzhou Xintang New World Garden Phase IVA (廣州新塘新世界花園四期A)	R, C	34,925	62.5%
Huiyang Palm Island Resort Phase V (惠陽棕櫚島Resort五期)	R	27,912	59%
Zhuhai New World Riviera Garden Phase IIIA (珠海新世界海濱花園三期A)	R	35,188	100%
Haikou New World Garden Phase II (海口新世界花園二期)	R	77,716	60%
Total		637,573	

NWCL develops wide ranges and types of properties to cater for varying demands on sizes and functions from different market segments. Our dedicated professionalism in our approach to projects and wide embracing experiences have enabled us to handle the stringent demand of multi-product lines with ease.

DIRECTORS' INTERESTS IN SECURITIES

As at 31st December 2006, the interests of the directors and their associates in shares, registered capital and underlying shares of the Company and its associated corporations as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

(A) Long position in shares

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at 31st December 2006
	Personal interests	Family interests	Corporate interests		
New World China Land Limited					
(Ordinary shares of HK\$0.10 each)					
Dr. Cheng Kar-shun, Henry	12,500,000	–	52,271,200 ^(Note 1)	64,771,200	1.69
Mr. Doo Wai-hoi, William	8,750,000	–	65,050,000 ^(Note 2)	73,800,000	1.93
Mr. Leung Chi-kin, Stewart	500,000	–	–	500,000	0.01
Mr. Chow Yu-chun, Alexander	6,550,000	–	–	6,550,000	0.17
Mr. Chow Kwai-cheung	650,126	–	–	650,126	0.02
Mr. Fong Shing-kwong, Michael	1,600,000	–	–	1,600,000	0.04
New World Development Company Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	–	300,000	–	300,000	0.01
Mr. Leung Chi-kin, Stewart	32,553	–	–	32,553	0.001
Mr. Chow Kwai-cheung	44,527	–	–	44,527	0.001
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	9,179,199	587,000	8,000,000 ^(Note 1)	17,766,199	0.89
Mr. Doo Wai-hoi, William	2,006,566	–	9,130,000 ^(Note 2)	11,136,566	0.56
Mr. Cheng Kar-shing, Peter	182,206	–	2,689,699 ^(Note 3)	2,871,905	0.14
Mr. Leung Chi-kin, Stewart	3,358,851	–	–	3,358,851	0.17
Mr. Chow Kwai-cheung	207,000	–	–	207,000	0.01
Mr. Chow Yu-chun, Alexander	1,891,701	–	–	1,891,701	0.10
Mr. Fong Shing-kwong, Michael	2,326,051	–	–	2,326,051	0.12
Mr. Cheng Wai-chee, Christopher	703,288	–	–	703,288	0.04
New World Mobile Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	780,000	–	–	780,000	0.80
Mr. Doo Wai-hoi, William	300,000	–	–	300,000	0.31
Mr. Chow Yu-chun, Alexander	482,000	–	–	482,000	0.49
Dragon Fortune Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-shing, Peter	–	–	15,869 ^(Note 4)	15,869	27.41

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at 31st December 2006
	Personal interests	Family interests	Corporate interests		
Faith Yard Property Limited (Ordinary shares of US\$1.00 each) Mr. Doo Wai-hoi, William	-	-	1 (Note 2)	1	50.00
Fortune Star Worldwide Limited (Ordinary shares of US\$1.00 each) Mr. Doo Wai-hoi, William	-	-	60 (Note 2)	60	60.00
Fung Seng Estate Development (Shanghai) Co., Ltd. (Registered capital in US\$) Mr. Doo Wai-hoi, William	-	-	3,000,000 (Note 5)	3,000,000	30.00
Grand Make International Limited (Ordinary shares of US\$1.00 each) Mr. Doo Wai-hoi, William	-	-	15 (Note 2)	15	15.00
Guangzhou Ronghe Real Estate Co., Ltd. (Registered capital in RMB) Mr. Fu Sze-shing	-	-	4,666,500 (Note 6)	4,666,500	5.00
Master Services Limited (Ordinary shares of US\$0.01 each) Mr. Leung Chi-kin, Stewart	16,335	-	-	16,335	1.63
Mr. Chow Kwai-cheung	16,335	-	-	16,335	1.63
Mr. Chow Yu-chun, Alexander	16,335	-	-	16,335	1.63
Ramada Property Ltd. (Ordinary shares of US\$1.00 each) Mr. Doo Wai-hoi, William	-	-	200 (Note 2)	200	20.00
Shanghai Juyi Real Estate Development Co., Ltd. (Registered capital in RMB) Mr. Doo Wai-hoi, William	-	-	229,500,000 (Note 5)	229,500,000	30.00
Shanghai Trio Property Development Co. Ltd. (Registered capital in US\$) Mr. Doo Wai-hoi, William	-	-	28,350,000 (Note 7)	28,350,000	52.50

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

(A) Long position in shares *(continued)*

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at 31st December 2006
	Personal interests	Family interests	Corporate interests		
Sun City Holdings Limited (Ordinary shares of HK\$1.00 each) Mr. Cheng Kar-shing, Peter	-	80,000	3,570,000 <i>(Note 8)</i>	3,650,000	45.63
Sun Legend Investments Limited (Ordinary shares of HK\$1.00 each) Mr. Cheng Kar-shing, Peter	-	-	500 <i>(Note 9)</i>	500	50.00
YE Holdings Corporation (Ordinary shares of HK\$1.00 each) Mr. Leung Chi-kin, Stewart	37,500	-	-	37,500	1.50
Zhaoqing New World Property Development Limited (Registered capital in US\$) Mr. Doo Wai-hoi, William	-	-	8,250,000 <i>(Note 10)</i>	8,250,000	60.00
Zhaoqing New World Property Management Limited (Registered capital in HK\$) Mr. Doo Wai-hoi, William	-	-	300,000 <i>(Note 10)</i>	300,000	60.00

Notes:

- (1) These shares are beneficially owned by a company wholly-owned by Dr. Cheng Kar-shun, Henry.
- (2) These shares are beneficially owned by companies wholly-owned by Mr. Doo Wai-hoi, William.
- (3) These shares are beneficially owned by a company wholly-owned by Mr. Cheng Kar-shing, Peter.
- (4) 4,102 shares are held by a company wholly-owned by Mr. Cheng Kar-shing, Peter and 11,767 shares are held by Sun City Holdings Limited ("Sun City"), of which Mr. Cheng is deemed to be interested in 45.63% of its issued share capital.
- (5) These represent the participating interests held by a company wholly-owned by Mr. Doo Wai-hoi, William.
- (6) The interest is beneficially owned by a company of which Mr. Fu Sze-shing has 50% interest.
- (7) These include 50% direct interest and 2.5% participating interest in the registered capital of Shanghai Trio Property Development Co. Ltd. being held by companies wholly-owned by Mr. Doo Wai-hoi, William.
- (8) These shares are held by a company of which Mr. Cheng Kar-shing, Peter owns an indirect interest of 49.58%.
- (9) Mr. Cheng Kar-shing, Peter is deemed to be interested in the shares of Sun Legend Investments Limited by virtue of his interests in Sun City.
- (10) Mr. Doo Wai-hoi, William is deemed to be interested in the registered capital of these companies by virtue of his interest in Fortune Star Worldwide Limited, of which Mr. Doo Wai-hoi, William owns an indirect interest of 60%.

(B) Long position in underlying shares – share options**(1) The Company**

Under the share option scheme of the Company adopted on 26th November 2002, share options were granted to the undermentioned director of the Company which entitle her to subscribe for shares of the Company and accordingly she is regarded as interested in the underlying shares of the Company. Details of the share options granted to her are as follows:

Number of director	Date of grant	Exercisable period	Number of share options as at 31st December 2006	Exercise price per share HK\$
Ms. Ngan Man-ying, Lynda	14th July 2005	15th August 2006 to 14th August 2007	100,000	2.300

During the period, no share options were exercised by the above director under the share option scheme of the Company. The cash consideration paid by the director for grant of the share options is HK\$10.

(2) NWS Holdings Limited

Under the share option scheme of a fellow subsidiary, NWS Holdings Limited ("NWS"), the following directors of the Company have personal interests in share options to subscribe for shares in NWS and are accordingly regarded as interested in the underlying shares of NWS. Details of the share options of NWS granted to them are as follows:

Name of director	Date of grant	Exercisable period	Number of share options as at 31st December 2006	Exercise price per share HK\$
Mr. Leung Chi-kin, Stewart	21st July 2003	(note)	68,820	3.711
Mr. Chow Yu-chun, Alexander	21st July 2003	(note)	134,944	3.711

Note: Divided into 2 tranches exercisable from 21st July 2004 and 21st July 2005 to 20th July 2008, respectively.

During the period, no share options were exercised by the above directors under the share option scheme of NWS. The cash consideration paid by the director for grant of the share options is HK\$10.

DIRECTORS' INTERESTS IN SECURITIES *(continued)***(B) Long position in underlying shares – share options** *(continued)***(3) New World Mobile Holdings Limited**

Under the share option scheme of New World Mobile Holdings Limited (“NWMH”), a fellow subsidiary of the Company during the period, the following directors have personal interests in share options to subscribe for shares in NWMH and are accordingly regarded as interested in the underlying shares of NWMH. Details of the share options of NWMH granted to them are as follows:

Name of director	Date of grant	Exercisable period	Number of share options			Exercise price per share HK\$
			Balance as at 1st July 2006	Exercised during the period	Balance as at 31st December 2006	
Dr. Cheng Kar-shun, Henry	28th January 2005	<i>(note)</i>	780,000	(780,000)	-	1.26
Mr. Doo Wai-hoi, William	28th January 2005	<i>(note)</i>	300,000	(300,000)	-	1.26
Mr. Chow Yu-chun, Alexander	28th January 2005	<i>(note)</i>	482,000	(482,000)	-	1.26

Note: Exercisable from 28th January 2005 to 31st December 2010.

The cash consideration paid by the director for grant of the share options is HK\$1.00.

Save as disclosed above, as at 31st December 2006, none of the directors, chief executive or any of their associates had or deemed to have any interest or short positions in the shares, registered capital, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed “Directors’ interests in securities” above, at no time during the period was the Company, its subsidiaries, its fellow subsidiaries or its holding company, a party to any arrangement to enable the directors of the Company or chief executives or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31st December 2006, the register of substantial shareholders maintained under Section 336 of the SFO shows that the following parties had interests in 5% or more of the issued share capital of the Company:

Name	Number of shares		Number of shares comprised in derivatives (note 4)		Total	Percentage to the issued share capital as at 31st December 2006
	Beneficial interests	Corporate interests	Beneficial interests	Corporate interests		
Cheng Yu Tung Family (Holdings) Limited ("CYTF") (note 1)	-	2,714,858,780	-	262,000,000	2,976,858,780	77.76
Centennial Success Limited ("CSL") (note 1)	-	2,714,858,780	-	262,000,000	2,976,858,780	77.76
Chow Tai Fook Enterprises Limited ("CTF") (note 2)	-	2,714,858,780	-	262,000,000	2,976,858,780	77.76
New World Development Company Limited ("NWD") (note 3)	2,537,632,731	177,226,049	-	262,000,000	2,976,858,780	77.76
Easywin Enterprises Corporation Limited ("Easywin")	113,351,879	-	262,000,000	-	375,351,879	9.80

Notes:

1. CYTF holds 51% interest in CSL which in turn holds the entire interests in CTF. Therefore, CYTF and CSL are deemed to have interests in the shares in which CTF is deemed to be interested by virtue of its interests in NWD as mentioned in note 2 below.
2. CTF and its subsidiaries have interests in more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares in which NWD is interested or deemed to be interested.
3. The number of shares held under the corporate interests of NWD includes 22,508,064 shares held by Great Worth Holdings Limited, its 59% owned subsidiary, and 41,366,106 shares held by High Earnings Holdings Limited, its 56% owned subsidiary. As NWD holds 100% interest in Easywin, it is also deemed to have an interest in the shares held by Easywin in the Company.
4. Pursuant to certain option agreements all dated 30th May 2005, Easywin granted put options in respect of 262,000,000 shares of the Company to independent third parties which are exercisable at an initial exercise price of HK\$2.90 per share (subject to adjustment) on 25th May 2007 (subject to certain accelerating events as provided therein).

All the interests stated above represent long position. Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 31st December 2006.

SHARE OPTION SCHEMES

On 18th December 2000, the Company adopted a share option scheme ("2000 Share Option Scheme") pursuant to which employees, including directors of the Company and/or its subsidiaries (the "Group"), were given opportunity to obtain equity holdings in the Company. The 2000 Share Option Scheme was subsequently terminated at the annual general meeting of the Company held on 26th November 2002 whereby a new share option scheme ("2002 Share Option Scheme") was adopted in compliance with the new requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Any share options which were granted under the 2000 Share Option Scheme prior to such termination shall continue to be valid and exercisable in accordance with the terms of the 2000 Share Option Scheme.

During the six months ended 31st December 2006, movement of share options granted to the directors and employees of the Group under the 2000 Share Option Scheme and the 2002 Share Option Scheme was as follows:

- (A) Movement of share options to directors was disclosed under the heading "Directors' interests in securities" above.
- (B) Movement of share options to employees was as follows:

Under the 2000 Share Option Scheme

Date of grant	Number of share options (note 1)				Exercise price per share HK\$
	Balance as at 1st July 2006	Exercised during the period (note 4)	Lapsed during the period	Outstanding as at 31st December 2006	
29th June 2001 to 26th July 2001	1,277,000	(888,000)	(389,000)	-	2.910
31st August 2001 to 27th September 2001	41,000	(41,000)	-	-	2.170
26th March 2002 to 22nd April 2002	334,000	(76,600)	-	257,400	2.065
Total	1,652,000	(1,005,600)	(389,000)	257,400	

Under the 2002 Share Option Scheme

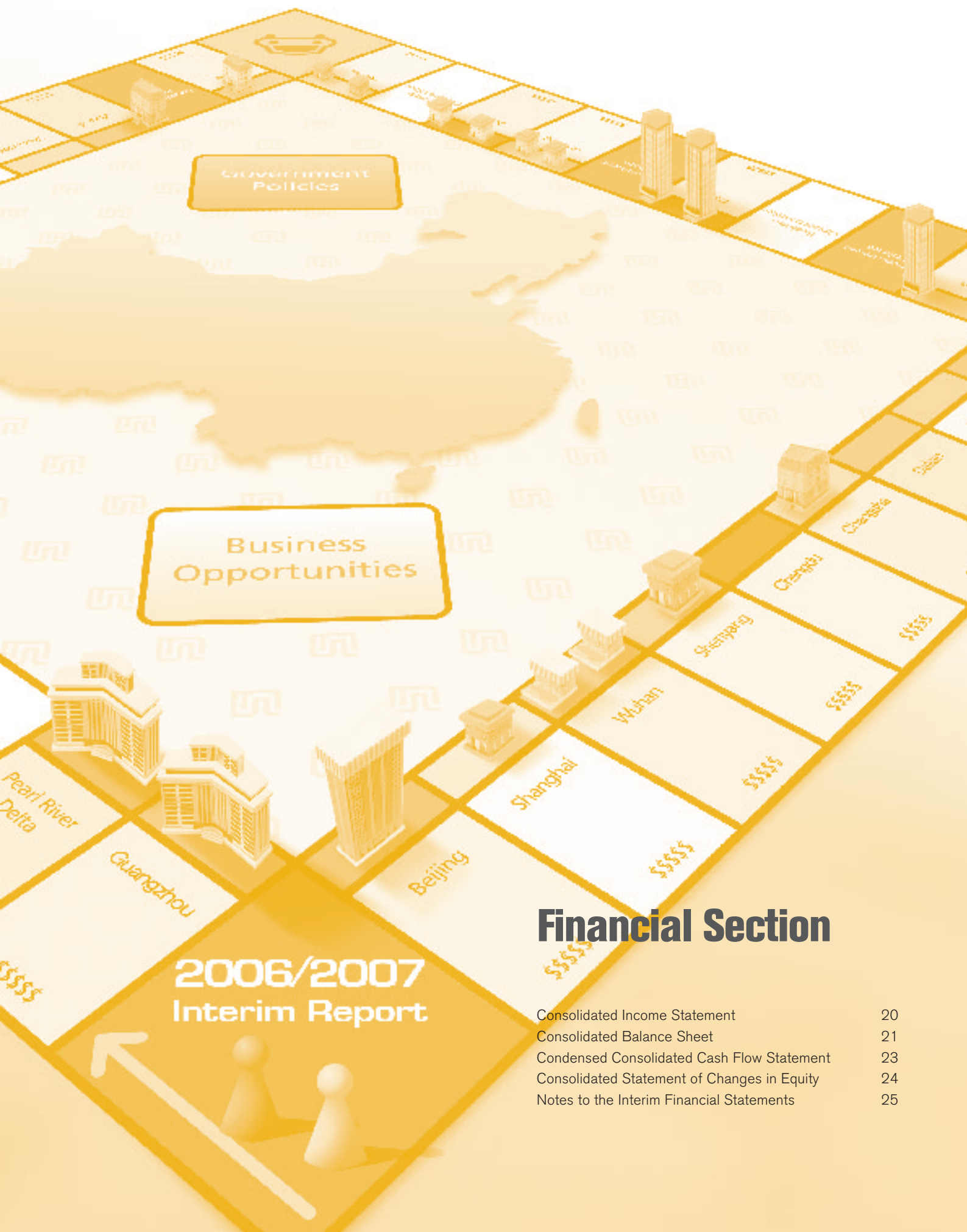
Date of grant	Number of share options (note 1)				Outstanding as at 31st December 2006	Exercise price per share HK\$
	Balance as at 1st July 2006	Granted during the period (note 3)	Exercised during the period (note 5)	Lapsed during the period		
3rd January 2003 to 30th January 2003	730,200	-	(179,600)	(104,800)	445,800	1.212
12th May 2003 to 6th June 2003	1,996,900	-	(532,200)	-	1,464,700	0.912
28th October 2003 to 22nd November 2003	69,000	-	-	-	69,000	1.650
25th March 2004 to 21st April 2004	1,539,200	-	(282,800)	-	1,256,400	2.252
18th June 2004 to 15th July 2004	314,400	-	(104,800)	-	209,600	1.650
4th November 2004 to 1st December 2004	256,800	-	-	-	256,800	2.484
22nd December 2004 to 18th January 2005	797,600	-	(27,200)	-	770,400	2.689
13th July 2005 to 9th August 2005	788,000	-	(187,600)	(107,600)	492,800	2.300
13th July 2005 to 9th August 2005 (note 2)	950,000	-	(100,000)	-	850,000	2.300
7th November 2005 to 2nd December 2005	39,200	-	(9,600)	-	29,600	2.620
28th March 2006 to 24th April 2006	3,384,000	-	(107,600)	-	3,276,400	3.915
28th June 2006 to 26th July 2006	-	743,200	(26,400)	-	716,800	2.865
17th October 2006 to 13th November 2006	-	1,134,800	(12,000)	-	1,122,800	3.340
Total	10,865,300	1,878,000	(1,569,800)	(212,400)	10,961,100	

SHARE OPTION SCHEMES *(continued)**Notes:*

1. The share options are exercisable within five years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary years, except otherwise specified in note 2.
2. The share options are exercisable within two years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each year is 50% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary year.
3. The closing price per share immediately before 28th June 2006 and 17th October 2006, the dates of offer to grant, was HK\$2.850 and HK\$3.320, respectively.
4. The weighted average closing price of the shares immediately before the dates on which share options were exercised under the 2000 Share Option Scheme was HK\$3.146.
5. The weighted average closing price of the shares immediately before the dates on which share options were exercised under the 2002 Share Option Scheme was HK\$4.024.

The fair values of the share options granted during the period with exercise prices per share of HK\$2.865 and HK\$3.340 are estimated at HK\$1.068 and HK\$1.230 respectively using the Binomial pricing model. Values are estimated based on the risk-free rate ranging from 3.93% to 4.78% per annum with reference to the rate prevailing on the Exchange Fund Notes, a one-year period historical volatility ranging from 0.45 to 0.46, assuming no dividends and an expected option life of 5 years.

The Binomial pricing model required input of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.



Government Policies

Business Opportunities

Pearl River Delta

Guangzhou

Beijing

Shanghai

Wuhan

Shenyang

Chengde

Tibet

2006/2007 Interim Report

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Consolidated Income Statement

For the six months ended 31st December 2006

**Unaudited
6 months ended 31st December**

	<i>Note</i>	2006 HK\$'000	2005 HK\$'000
Turnover	2	1,065,183	745,131
Cost of sales		(692,682)	(461,593)
Gross profit		372,501	283,538
Other gains, net	3	223,233	118,294
Increase in fair value of investment properties		72,729	76,808
Selling expenses		(36,633)	(39,858)
Administrative expenses		(28,576)	(21,857)
Other operating expenses		(210,017)	(164,860)
Operating profit before financing costs	4	393,237	252,065
Finance costs		(98,373)	(91,186)
Share of results of			
Associated companies		44,381	25,301
Jointly controlled entities		210,257	90,650
Profit before taxation		549,502	276,830
Taxation charge	5	(155,220)	(63,311)
Profit for the period		394,282	213,519
Attributable to:			
Equity holders of the Company		406,473	196,195
Minority interests		(12,191)	17,324
		394,282	213,519
Interim dividend	6	76,577	–
Earnings per share	7		
Basic and diluted		10.62 cents	5.19 cents
Interim dividend per share	6	2.00 cents	–

Consolidated Balance Sheet

As at 31st December 2006

	<i>Note</i>	Unaudited As at 31st December 2006 HK\$'000	Audited As at 30th June 2006 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		939,267	943,200
Investment properties		5,276,962	4,371,152
Land use rights		327,150	319,790
Goodwill		73,720	73,720
Properties held for development		5,237,263	4,243,616
Associated companies		1,858,038	1,598,564
Jointly controlled entities		10,403,998	10,377,155
Cash and bank balances, restricted		98,803	121,041
		24,215,201	22,048,238
Current assets			
Hotel inventories, at cost		827	1,117
Debtors, deposits and prepayments	9	3,921,195	2,905,135
Amounts due from group companies		132,955	97,578
Properties under development		6,184,465	4,927,245
Completed properties held for sale		1,157,783	1,291,986
Cash and bank balances, restricted		395,990	368,630
Cash and bank balances, unrestricted		2,443,792	2,362,227
		14,237,007	11,953,918
Total assets		38,452,208	34,002,156
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	10	382,836	382,578
Reserves		24,258,751	23,499,334
Proposed final dividend		-	153,103
Interim dividend		76,577	-
		24,718,164	24,035,015
Minority interests		1,020,300	176,681
Total equity		25,738,464	24,211,696

	<i>Note</i>	Unaudited As at 31st December 2006 HK\$'000	Audited As at 30th June 2006 HK\$'000
LIABILITIES			
Non-current liabilities			
Long term borrowings	11	7,383,862	4,813,143
Long term payable	12	-	124,279
Deferred tax liabilities		547,385	507,152
		7,931,247	5,444,574
Current liabilities			
Creditors and accruals	13	1,524,962	1,342,327
Deposits received on sale of properties		591,801	862,040
Amounts due to group companies		386,594	328,746
Short term bank loans		587,000	371,742
Current portion of long term borrowings	11	1,022,876	911,341
Current portion of long term payable	12	125,965	77,757
Amounts due to minority shareholders	14	325,177	313,526
Taxes payable		218,122	138,407
		4,782,497	4,345,886
Total liabilities		12,713,744	9,790,460
Total equity and liabilities		38,452,208	34,002,156
Net current assets		9,454,510	7,608,032
Total assets less current liabilities		33,669,711	29,656,270

Condensed Consolidated Cash Flow Statement

For the six months ended 31st December 2006

	Unaudited	
	6 months ended 31st December	
	2006	2005
	HK\$'000	HK\$'000
Net cash used in operating activities	(3,079,230)	(618,607)
Net cash used in investing activities	(195,474)	(1,202,039)
Net cash from/(used in) financing activities	3,356,269	(480,790)
Increase/(decrease) in cash and cash equivalents	81,565	(2,301,436)
Cash and bank balances at beginning of the period	2,362,227	5,534,354
Cash and bank balances at end of the period	2,443,792	3,232,918
Analysis of balances of cash and cash equivalents		
Cash and bank balances – unrestricted balances	2,443,792	3,232,918

Consolidated Statement Of Changes In Equity

For the six months ended 31st December 2006

	Attributable to equity holders of the Company						Minority interests	Total equity	
	Share capital	Contributed surplus	Share premium	Other reserve	Exchange reserve	Share option reserve			Revenue reserve
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			HK\$'000
Balance at 1st July 2006	382,578	14,608,781	7,505,815	108,337	131,297	4,718	1,293,489	176,681	24,211,696
Translation differences	-	-	-	-	422,568	-	-	2,185	424,753
Net income recognised directly in equity	-	-	-	-	422,568	-	-	2,185	424,753
Profit for the period	-	-	-	-	-	-	406,473	(12,191)	394,282
Total recognised income for the period	-	-	-	-	422,568	-	406,473	(10,006)	819,035
Issue of shares	258	-	5,383	-	-	-	-	-	5,641
Acquisition of subsidiaries	-	-	-	-	-	-	-	2,632	2,632
Transfer of reserve upon exercise and lapse of share options	-	-	697	-	-	(865)	168	-	-
Capital contribution from minority interests	-	-	-	-	-	-	-	850,993	850,993
Share-based payments	-	-	-	-	-	1,583	-	-	1,583
Dividend paid	-	(153,116)	-	-	-	-	-	-	(153,116)
	258	(153,116)	6,080	-	-	718	168	853,625	707,733
Balance at 31st December 2006	382,836	14,455,665	7,511,895	108,337	553,865	5,436	1,700,130	1,020,300	25,738,464
Balance at 1st July 2005	376,825	14,722,334	7,404,883	49,369	14,226	2,625	552,095	(17,051)	23,105,306
Translation difference	-	-	-	-	215,712	-	-	1,019	216,731
Net income recognised directly in equity	-	-	-	-	215,712	-	-	1,019	216,731
Profit for the period	-	-	-	-	-	-	196,195	17,324	213,519
Total recognised income for the period	-	-	-	-	215,712	-	196,195	18,343	430,250
Issue of shares	2,515	-	43,147	-	-	-	-	-	45,662
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	21,262	21,262
Transfer of reserve upon exercise and lapse of share options	-	-	283	-	-	757	(1,040)	-	-
Share-based payments	-	-	-	-	-	-	1,362	-	1,362
Dividend paid	-	(113,553)	-	-	-	-	-	-	(113,553)
	2,515	(113,553)	43,430	-	-	757	322	21,262	(45,267)
Balance at 31st December 2005	379,340	14,608,781	7,448,313	49,369	229,938	3,382	748,612	22,554	23,490,289

Note: Included in capital contribution from minority interests is HK\$850,718,000 contributed by the participating interest of certain property projects.

Notes to the Interim Financial Statements

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The unaudited condensed interim financial statements should be read in conjunction with the 2006 annual financial statements.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the 2006 annual financial statements.

For the year ended 30th June 2006, the Group early adopted the amendment to Hong Kong Accounting Standard 21 "The effects of changes in foreign exchange rates – Net investment in a foreign operation". For the six months ended 31st December 2006, the Group has adopted all the remaining new standards, amendments to standards and interpretations that are currently in issue and effective for the accounting periods beginning on or after 1st January 2006. However, the adoption of these new standards does not have any significant effect on the accounting policies or results and financial position of the Group.

Certain new standards, amendments to standards and interpretations have been issued but are not effective for the six months ended 31st December 2006 and have not been early adopted.

2. TURNOVER AND SEGMENT INFORMATION

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

	6 months ended 31st December	
	2006 HK\$'000	2005 HK\$'000
Sale of properties	780,704	521,442
Rental income	140,361	115,258
Income from hotel operation	114,918	94,200
Property management services fee income	28,911	11,138
Project management fee income	289	3,093
	1,065,183	745,131

The Group is organised into four main business segments, comprising property sales, rental operation, hotel operation and property management services. There is no other significant identifiable separate business segment. Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, properties held for/under development, debtors, deposits and prepayments, and completed properties held for sale. They exclude cash and bank balances held at corporate office and prepayment for proposed development projects. Segment liabilities comprise mainly creditors and accruals, bank and other loans and other payable. They exclude other creditor and accruals, and short term and long term borrowings at corporate office.

Notes to the Interim Financial Statements

2. TURNOVER AND SEGMENT INFORMATION *(continued)*

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

6 months ended 31st December 2006	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment revenues	781,175	152,701	115,197	16,110	-	1,065,183
Segment results	177,972	113,088	20,073	2,378	(8,257)	305,254
Bank and other interest income						22,858
Corporate expenses						(68,781)
Net foreign exchange gains						133,906
Operating profit before financing costs						393,237
Finance costs						(98,373)
Share of results of						
Associated companies	(497)	44,546	566	(234)	-	44,381
Jointly controlled entities	58,809	153,625	(975)	159	(1,361)	210,257
Profit before taxation						549,502
Taxation charge						(155,220)
Profit for the period						394,282
Capital expenditure	15,308	129,250	8,190	1,132	2,095	155,975
Depreciation and amortisation	14,487	18,415	33,886	338	760	67,886
Provision for/(write back of provision for) amounts due from jointly controlled entities	2,533	(1,411)	-	-	-	1,122
Impairment of goodwill	-	-	-	-	7,096	7,096

6 months ended 31st December 2005	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment revenues	524,535	119,535	94,200	6,861	–	745,131
Segment results	131,206	85,094	4,299	(893)	(518)	219,188
Bank and other interest income						84,907
Corporate expenses						(52,030)
Operating profit before financing costs						252,065
Finance costs						(91,186)
Share of results of						
Associated companies	(1,604)	27,975	(823)	(247)	–	25,301
Jointly controlled entities	(28,112)	119,846	(626)	(118)	(340)	90,650
Profit before taxation						276,830
Taxation charge						(63,311)
Profit for the period						213,519
Capital expenditure	6,239	102,988	17,289	282	–	126,798
Depreciation and amortisation	7,902	25,949	28,004	321	832	63,008
Provision for/(write back of provision for) amounts due from jointly controlled entities, associated companies and an investee company	(59,473)	114	(983)	–	–	(60,342)
Impairment of goodwill	–	8,629	18,326	–	–	26,955
As at 31st December 2006	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment assets	18,126,232	5,784,630	963,087	66,425	10,066	24,950,440
Associated companies and jointly controlled entities	5,599,794	6,282,360	341,155	(5,340)	44,067	12,262,036
Unallocated assets						1,239,732
Total assets						38,452,208
Segment liabilities	5,301,696	1,116,972	942,054	28,616	9,854	7,399,192
Unallocated liabilities						5,314,552
Total liabilities						12,713,744

Notes to the Interim Financial Statements

2. TURNOVER AND SEGMENT INFORMATION (continued)

As at 30th June 2006	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment assets	15,157,755	4,877,082	960,077	55,040	6,839	21,056,793
Associated companies and jointly controlled entities	5,836,334	5,783,071	351,587	(7,898)	12,625	11,975,719
Unallocated assets						969,644
Total assets						34,002,156
Segment liabilities	5,071,960	1,093,364	915,398	31,142	3,193	7,115,057
Unallocated liabilities						2,675,403
Total liabilities						9,790,460

3. OTHER GAINS, NET**6 months ended 31st December**

	2006 HK\$'000	2005 HK\$'000
Net foreign exchange gains	119,497	–
Tax indemnity from the ultimate holding company	64,357	–
Bank and other interest income	45,704	84,907
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	1,893	–
Provision for amounts due from jointly controlled entities	(1,122)	(1,186)
Impairment of goodwill	(7,096)	(26,955)
Write back of provision for amount due from an investee company	–	60,545
Write back of provision for amount due from an associated company	–	983
Total	223,233	118,294

4. OPERATING PROFIT BEFORE FINANCING COSTS**6 months ended 31st December**

	2006 HK\$'000	2005 HK\$'000
Operating profit before financing costs is arrived at after crediting: Gross rental income from investment properties	80,661	52,834
and after charging:		
Cost of properties sold	549,281	346,103
Staff costs including directors' remunerations	93,007	71,618
Outgoings in respect of investment properties	35,288	20,546
Depreciation of property, plant and equipment	62,253	60,258
Rental for leased premises	21,705	18,963
Amortisation of land use rights	5,633	2,750
Loss on disposal of property, plant and equipment	5,850	–

5. TAXATION CHARGE

	6 months ended 31st December	
	2006 HK\$'000	2005 HK\$'000
PRC income tax – current	73,552	–
PRC income tax – deferred		
Origination and reversal of temporary differences	50,747	37,590
Revaluation of investment properties	30,921	25,721
	155,220	63,311

Share of taxation of associated companies and jointly controlled entities for the six months ended 31st December 2006 are HK\$17,754,000 (2005: HK\$38,658,000) and HK\$60,796,000 (2005: HK\$389,000) respectively and are included in the consolidated income statement as share of results of associated companies and jointly controlled entities.

No provision for Hong Kong profits tax has been made within the Group as the Group has no assessable profits in Hong Kong for the period (2005: Nil). PRC income tax has been provided on the estimated assessable profits of subsidiaries, associated companies and jointly controlled entities operating in the PRC at 33% (2005: 33%).

In July 1999, a deed of tax indemnity was entered into between New World Development Company Limited ("NWD"), the ultimate holding company and the Group whereby the ultimate holding company undertakes to indemnify the Group in respect of, *inter alia*, certain PRC income tax ("IT") and Land Appreciation Tax ("LAT") payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999. During the period, tax indemnity amounting to HK\$64,357,000 (2005: Nil) was effected.

6. INTERIM DIVIDEND

	6 months ended 31st December	
	2006 HK\$'000	2005 HK\$'000
Interim dividend of HK\$0.02 (2005: Nil) per share	76,577	–

The directors have declared an interim dividend of HK\$0.02 per share. It will be payable on 14th May 2007 to shareholders whose names appear on the Register of Members of the Company on 18th April 2007.

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$406,473,000 (2005: HK\$196,195,000) and the weighted average of 3,827,470,253 shares (2005: 3,777,236,194 shares) in issue during the period.

For the period ended 31st December 2006, diluted earnings per share is based on profit attributable to shareholders of HK\$406,473,000 divided by 3,828,951,125 shares which is the weighted average number of shares in issue of 3,827,470,253 shares plus the weighted average of 1,480,872 potential shares deemed to be issued at no consideration assuming all outstanding share options had been exercised.

For the period ended 31st December 2005, the outstanding share options had no dilutive effect on the basic earnings per share.

Notes to the Interim Financial Statements

8. CAPITAL EXPENDITURE

For the six months ended 31st December 2006, the Group acquired property, plant and equipment, investment properties and land use rights of HK\$155,975,000 (2005: HK\$126,978,000).

9. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments include trade debtors, utility and other deposits, interest and other receivables and prepayments for land cost and proposed development projects.

The ageing analysis of trade debtors is as follows:

	As at 31st December 2006 HK\$'000	As at 30th June 2006 HK\$'000
0 to 30 days	34,360	74,265
31 to 60 days	32,483	28,318
61 to 90 days	5,814	50,296
Over 90 days	89,838	59,329
	162,495	212,208

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

10. SHARE CAPITAL

	As at 31st December 2006 HK\$'000	As at 30th June 2006 HK\$'000
<i>Authorised:</i> 8,000,000,000 shares of HK\$0.1 each	800,000	800,000
<i>Issued and fully paid:</i> 3,828,359,232 shares of HK\$0.1 each (30th June 2006: 3,825,783,832 shares of HK\$0.1 each)	382,836	382,578

Details of the movement in the issued share capital of the Company are summarised as follows:

	Number of shares of HK\$0.1 each	HK\$'000
At 1st July 2005	3,768,248,832	376,825
Exercise of share options	57,535,000	5,753
At 30th June 2006	3,825,783,832	382,578
Exercise of share options (<i>note(i)</i>)	2,575,400	258
At 31st December 2006	3,828,359,232	382,836

- (i) Pursuant to the share option schemes adopted on 18th December 2000 and 26th November 2002, the Company may grant options to executive directors and employees of the Company to subscribe for shares in the Company. The movements in the number of share options granted during the period and the balance outstanding at 31st December 2006 are as follows:

Date of offer to grant	Exercisable period per share HK\$	Number of share options				At 31st December 2006
		At 1st July 2006	Granted during the period	Exercised during the period	Lapsed during the period	
29th June 2001	2.910 ⁽¹⁾	1,277,000	-	(888,000)	(389,000)	-
31st August 2001	2.170 ⁽¹⁾	41,000	-	(41,000)	-	-
26th March 2002	2.065 ⁽¹⁾	334,000	-	(76,600)	-	257,400
3rd January 2003	1.212 ⁽¹⁾	730,200	-	(179,600)	(104,800)	445,800
12th May 2003	0.912 ⁽¹⁾	1,996,900	-	(532,200)	-	1,464,700
28th October 2003	1.650 ⁽¹⁾	69,000	-	-	-	69,000
25th March 2004	2.252 ⁽¹⁾	1,539,200	-	(282,800)	-	1,256,400
18th June 2004	1.650 ⁽¹⁾	314,400	-	(104,800)	-	209,600
4th November 2004	2.484 ⁽¹⁾	256,800	-	-	-	256,800
22nd December 2004	2.689 ⁽¹⁾	797,600	-	(27,200)	-	770,400
13th July 2005	2.300 ⁽¹⁾	788,000	-	(187,600)	(107,600)	492,800
13th July 2005	2.300 ⁽²⁾	1,050,000	-	(100,000)	-	950,000
7th November 2005	2.620 ⁽¹⁾	39,200	-	(9,600)	-	29,600
28th March 2006	3.915 ⁽¹⁾	3,384,000	-	(107,600)	-	3,276,400
28th June 2006	2.865 ⁽¹⁾	-	743,200	(26,400)	-	716,800
17th October 2006	3.340 ⁽¹⁾	-	1,134,800	(12,000)	-	1,122,800
		12,617,300	1,878,000	(2,575,400)	(601,400)	11,318,500

Exercisable period:

- (1) On dates of grant, the share options are divided into 5 tranches and exercisable within a period of 5 years commencing on the expiry of one month after the dates on which the options were accepted.
- (2) On dates of grant, the share options are divided into 2 tranches and exercisable within a period of 2 years commencing on the expiry of one month after the dates on which the options were accepted.

Notes to the Interim Financial Statements

11. LONG TERM BORROWINGS

	As at 31st December 2006 HK\$'000	As at 30th June 2006 HK\$'000
Bank loans (<i>note (i)</i>)		
Secured	1,606,124	1,679,603
Unsecured	2,783,636	958,927
Loans from fellow subsidiaries (<i>note (ii)</i>)	3,202,992	2,939,989
Loans from minority shareholders (<i>note (iii)</i>)	150,054	145,965
Advances from participating interest (<i>note (iv)</i>)	663,932	–
	8,406,738	5,724,484
Current portion included in current liabilities	(1,022,876)	(911,341)
	7,383,862	4,813,143

Notes:

(i) The bank loans are repayable as follows:

	Secured		Unsecured		Total	
	As at 31st December 2006 HK\$'000	As at 30th June 2006 HK\$'000	As at 31st December 2006 HK\$'000	As at 30th June 2006 HK\$'000	As at 31st December 2006 HK\$'000	As at 30th June 2006 HK\$'000
Within one year	321,184	294,317	160,000	24,039	481,184	318,356
Between one and two years	267,234	239,250	220,000	250,000	487,234	489,250
Between two and five years	884,373	1,002,134	2,403,636	684,888	3,288,009	1,687,022
After five years	133,333	143,902	–	–	133,333	143,902
	1,606,124	1,679,603	2,783,636	958,927	4,389,760	2,638,530

Included in bank loans of the Group is an amount of HK\$266,667,000 (30th June 2006: HK\$269,231,000) which is repayable by instalments up to December 2016 and has been on-lent to an associated company on the same terms of the bank loan.

(ii) The loans from fellow subsidiaries are repayable as follows:

	As at 31st December 2006 HK\$'000	As at 30th June 2006 HK\$'000
Within one year	541,692	592,985
Between one and two years	726,055	370,207
Between two and five years	1,935,245	1,976,797
	3,202,992	2,939,989

The loans from fellow subsidiaries are unsecured and bear interest at rates ranging from 0.5% above three months Hong Kong Interbank Offered Rate ("HIBOR") to 1% above London Interbank Offered Rate ("LIBOR") (30th June 2006: 0.5% above three months HIBOR to 1% above LIBOR) per annum.

- (iii) The loans from minority shareholders are unsecured, bear interest at 5% to 5.85% (30th June 2006: 5% to 5.85%) per annum and have repayment terms as specified in the joint venture contracts.
- (iv) The advances from participating interest of certain property projects are unsecured, interest free and repayable in accordance with the terms as specified in the agreements entered into between the Group and the participating interest.

12. LONG TERM PAYABLE

Long term payable is repayable as follows:

	As at 31st December 2006 HK\$'000	As at 30th June 2006 HK\$'000
Within one year	125,965	77,757
Between one and two years	-	124,279
	125,965	202,036

13. CREDITORS AND ACCRUALS

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

	As at 31st December 2006 HK\$'000	As at 30th June 2006 HK\$'000
0 to 30 days	94,733	257,390
31 to 60 days	437	96,282
61 to 90 days	39,400	41,472
Over 90 days	469,334	270,757
	603,904	665,901

14. AMOUNTS DUE TO MINORITY SHAREHOLDERS

The amounts due to minority shareholders are unsecured, interest free and repayable on demand.

Notes to the Interim Financial Statements

15. CONTINGENT LIABILITIES

(i) Corporate guarantees for banking facilities

The Group has contingent liabilities of approximately HK\$2,088,283,000 (30th June 2006: HK\$1,279,322,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. As at 31st December 2006, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the associated companies and jointly controlled entities was approximately HK\$1,401,738,000 (30th June 2006: HK\$918,985,000).

(ii) Guarantees in respect of mortgage facilities

As at 31st December 2006, 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 outstanding mortgage loans under these guarantees amounted to HK\$196,236,000 (30th June 2006: HK\$407,066,000). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties.

16. COMMITMENTS

Capital expenditure commitments

(a) The capital expenditure commitments of the Group are as follows:

	As at 31st December 2006 HK\$'000	As at 30th June 2006 HK\$'000
Authorised but not contracted for		
Purchase consideration for a proposed development project	108,000	108,000
Contracted but not provided for		
Property, plant and equipment	-	7,870
Purchase consideration for proposed development projects	38,462	665,589
	38,462	673,459
	146,462	781,459

(b) The Group did not have any share of capital commitments of the jointly controlled entities (30th June 2006: Nil).

17. RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions carried out by the Group during the period in the normal course of its business:

(i)	6 months ended 31st December	
	2006 HK\$'000	2005 HK\$'000
Interest on loans from fellow subsidiaries	50,872	53,190
Rental expense for leased premises to a fellow subsidiary	2,116	1,423
Rental expense for leased premises to an associated company	15,196	14,904
Property agency fee to a fellow subsidiary	2,388	836
Interest income from jointly controlled entities	15,520	7,132
Estate management fee income from a fellow subsidiary and jointly controlled entities	15,001	3,734
Rental income from fellow subsidiaries	30,164	25,564
Rental income from an associated company	3,137	2,885

These related party transactions were in accordance with the terms as disclosed in 2006 annual report

- (ii) Total fees for the provision of project management, construction and engineering consultancy services in respect of certain of the Group's property projects and payable to certain fellow subsidiaries amounted to HK\$47,990,000 for the period (31st December 2005: HK\$35,752,000). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.
- (iii) A deed of tax indemnity was entered into between NWD and the Group whereby NWD undertakes to indemnify the Group in respect of IT and LAT payable in consequence of the disposal of certain properties. During the period, tax indemnity amounting to HK\$64,357,000 (2005: Nil) was effected.

Notes to the Interim Financial Statements

18. BUSINESS COMBINATIONS

During the period, the Group acquired 65% equity interest in New World Hotel Management (BVI) Ltd and additional 19% equity interest in Beijing New World Property Management Limited for a total consideration of HK\$1,404,000. Details of net liabilities acquired and the goodwill and excess of fair value of net assets acquired over cost of acquisition of subsidiary are as follows:

	2006 HK\$'000
Purchase consideration	1,404
Fair value of net liabilities acquired	3,799
	<u>5,203</u>
Represented by:	
Goodwill	7,096
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	(1,893)
	<u>5,203</u>

The assets and liabilities arising from the acquisition are as follows:

	Fair value HK\$'000	Acquirees' carrying amount HK\$'000
Net liabilities acquired		
Property, plant and equipment	1,224	1,224
Debtors, deposits and prepayments	7,331	6,705
Cash and bank balances	4,205	4,205
Creditors and accruals	(1,111)	(1,111)
Tax payable	(1,525)	(1,525)
Balances with group companies	(15,392)	(15,392)
	<u>(5,268)</u>	<u>(5,894)</u>
Minority interests	2,632	
Interest originally held by the Group as a jointly controlled entity	(1,163)	
Net liabilities acquired	<u>(3,799)</u>	

The acquired subsidiaries contributed revenues of approximately HK\$1,315,000 and incurred net loss of approximately HK\$761,000 for the period since the respective dates of acquisition. If the acquisition had occurred on 1st July 2006, the Group's revenue would have been HK\$1,066,498,000, and profit for the period would have been HK\$390,170,000.

The goodwill can be attributable to the anticipated profitability of the acquired business.

Excess of fair value of net assets acquired over cost of acquisition of interests in a subsidiary was resulted since the acquisition was accomplished by way of the increase in registered capital of a profit making jointly controlled entity originally held by the Group, the Group had wholly taken up increased capital stake while diluting the other shareholders' interests.

CONTINUING OBLIGATIONS UNDER CHAPTER 13 OF THE LISTING RULES

(A) Advances and guarantees to entities

In accordance with the requirements under rule 13.20 of the Listing Rules, the directors of the Company reported that none of the entities of which the Group made advances and guarantees individually exceeded 8% of the Company's total asset value as at 31st December 2006.

(B) Financial assistance and guarantees to affiliated companies

As at 31st December 2006, the Group had made loans and advances totalling HK\$8,309,629,000 to affiliated companies, guaranteed bank loans and other borrowing facilities for the benefit of affiliated companies in the amount of HK\$2,138,283,000. These amounts in aggregate exceed 8% of the Company's total asset value as at 31st December 2006. In accordance with the requirement under rule 13.22 of the Listing Rules, a combined balance sheet of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31st December 2006 are presented below:

	Combined balance sheet	Group's attributable interests
	HK\$'000	HK\$'000
Non-current assets	14,071	8,283
Current assets	16,257	14,173
Current liabilities	(9,126)	(5,503)
Non-current liabilities	(4,713)	(2,757)
Shareholders' loans and advances	(8,593)	(8,310)
	7,896	5,886

(C) Banking facilities with covenants relating to specific performance of the controlling shareholder

In accordance with the requirements under rule 13.21 of the Listing Rules, the directors of the Company reported below details of loan facilities, which exist at any time during the period and include conditions relating to specific performance of the controlling shareholder of the Company.

On 24th March 2005, Beijing Lingal Real Estates Development Co., Ltd. ("Beijing Lingal"), a wholly-owned subsidiary, was granted a 2-year term loan facility of RMB200,000,000 to finance its property project undertaken in the PRC. On 8th June 2006, New World China Land Investments Company Limited, a wholly-owned subsidiary, was granted a 3-year term loan facility of RMB300,000,000 to finance the capital investment in its property projects in the PRC.

On 3rd April 2006, 12th June 2006 and 13th June 2006, the Company was granted loan facilities of up to HK\$300,000,000, HK\$800,000,000 and HK\$300,000,000, respectively for a term of 3 to 4 years, to fund the general corporate funding requirement of the Company and its subsidiaries, including refinancing the Company's existing loans.

Upon the granting of the above loan facilities, the Company undertook to the lenders that New World Development Company Limited would retain an interest of at least 51% in the issued share capital of the Company, or would maintain 51% of the voting rights attached to the issued share capital of the Company throughout the terms of the facilities. Failure to perform the undertaking will constitute an event of default. If the event of default continues and has not been waived by the lenders, the outstanding liability under the loan facilities will become immediately due and payable and the loan facilities will be terminated.

INTERIM DIVIDEND

The directors have declared an interim dividend of HK\$0.02 per share for the six months ended 31st December 2006. It will be payable on 14th May 2007 to shareholders whose names appear on the Register of Members of the Company on 18th April 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 16th April 2007 to 18th April 2007 (both days inclusive). In order to establish entitlements to the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Standard Registrars Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 13th April 2007.

AUDIT COMMITTEE

Audit committee was established in accordance with requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee consists of three independent non-executive directors of the Company. The audit committee has reviewed the unaudited interim financial statements and discussed the financial related matters with management. At the request of directors, the Group's external auditors have carried out a review of the interim financial statements in accordance with Statement of Auditing Standards 700 issued by the 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 of the Listing Rules throughout the six months ended 31st December 2006, except for the following derivation:

Code provision A.2.1

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

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

Code provision A.5.4

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

The Company has not established guideline for employees as required under the code provision, instead, the relevant provisions for insider dealing as set out in the Securities and Futures Ordinance have been included in the in-house "Human Resources & Administration Manual" so that the employees are reminded of their obligation under the Ordinance.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

EMPLOYEES AND REMUNERATION POLICY

As at 31st December 2006, the Group has 3,883 full-time employees. Total staff related costs incurred during the period under review were HK\$93 million (2005: HK\$72 million), of which retirement benefits was included. Remuneration of the employee is reviewed annually based on assessment of individual performance. Discretionary year-end bonus was paid to employee based on individual performance.

MAJOR ACQUISITION OR DISPOSAL

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

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

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

On behalf of the Board

Dr. Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 16th March 2007

Corporate Information

Chairman and Managing Director	Dr. Cheng Kar-shun, Henry
Vice-chairman	Mr. Doo Wai-hoi, William
Executive Directors	Mr. Cheng Kar-shing, Peter Mr. Leung Chi-kin, Stewart Mr. Chow Kwai-cheung Mr. Chow Yu-chun, Alexander Mr. Fong Shing-kwong, Michael Ms. Ngan Man-ying, Lynda Mr. Cheng Chi-kong, Adrian
Non-executive Director	Mr. Fu Sze-shing
Independent Non-executive Directors	Mr. Cheng Wai-chee, Christopher Mr. Tien Pei-chun, James Mr. Lee Luen-wai, John
Company Secretary	Ms. Ngan Man-ying, Lynda
Qualified Accountant	Ms. Ngan Man-ying, Lynda
Auditors	PricewaterhouseCoopers
Principal Bankers	Hang Seng Bank Limited Bank of China (Hong Kong) Limited The Bank of East Asia, Limited China Merchants Bank Co., Ltd.
Share Registrar and Transfer Office	Standard Registrars Limited 26/F, Tesbury Centre 28 Queen's Road East Hong Kong
Head Office	9/F, New World Tower 1 18 Queen's Road Central Hong Kong
Stock Code	Hong Kong Stock Exchange 00917
Investor Information	For more information about the Group, please contact the Corporate Communications Department at: New World China Land Limited 9/F, New World Tower 1 18 Queen's Road Central Hong Kong Tel: (852) 2131 0201 Fax: (852) 2131 0216 Email: enquiry@nwcl.com.hk
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